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SAN FRANCISCO AIRPORTS COMMISSION



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MINUTES

SPECIAL MEETING

JANUARY 8, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

January 8, 1985

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Minutes
of the
Airports Commission Meeting

January 8, 1985

A. CALL TO ORDER:

The special meeting of the Airports Commission was called to order at 9:00 A.M. in Room 2C, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Commissioners Morris Bernstein,
William K. Coblentz, Z. L. Goosby,
J. Edward Fleishell.

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of December 11, 1984 were adopted by order of the Commission President.

No. 85-0001

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 85-0011 regarding the settlement of litigated claim at the Closed Session of December 11, 1984.

* * *

E. DIRECTOR'S REPORTS:

1. Report on the Professional Service Contract for "Parking Revenue Control Equipment"

The history of retaining Cerand & Company as the consultant for the Parking Revenue Control Equipment.

Mr. Lou Turpen, Airport Director, explained that this report was in response to a Commission request to summarize the history surrounding the parking revenue control issue. He said that the issue is whether to go with a fully-automated or semi-automated system. Mr. Turpen told the Commission that it has been several years since staff did their last survey of major airports and the types of systems being used and another survey should be done. Staff will then present the Commission with a recommendation on how to proceed.

2. Airport Parking Facilities Operating Agreement: Specifications and Bidding Timetable.

Mr. Turpen said that this was early notification that the current agreement for operating the garage will terminate on November 30, 1985. He said there has been excellent success with the management contract concept. The modifications stipulated have been made and the proposed timetable to rebid the proposed Airport parking facilities operating agreement have been outlined in the report.

Mr. Turpen said that he recommended rebidding the agreement in the format as it presently exists, with minor modifications.

3. Report on Proposed Increase in Employee Parking Fees

Report recommending increases in employee parking fees in Lot D and the Garage.

Mr. Turpen said that this is in response to a Commission inquiry concerning employee parking rates. He felt it only fair that these rates keep pace with other increases.

A public hearing will be held at the next meeting with a resolution to follow on February 5th. All tenants will receive a notice advising them of the public hearing.

4. Report on Safety Monitoring at the Airport

Mr. Turpen said this report was in response to a Commission inquiry concerning routine monitoring of physical plants at the Airport and that Mr. Bouey was present to answer any questions.

5. Report on North Terminal Concession Plan - 1985

Report submitting proposed North Terminal Concession Plan effecting the concession leases expiring in 1985.

Mr. Turpen said that the Airport's first real attempt at marketing concessions was in 1979-80 in the North Terminal.

He said the lease term is expiring on the first group of concessions. Page 4 of the memo outlines some of the criteria against which the success of the current operation is measured. Staff has also outlined what they would like to do to enhance the concessions in the North Terminal.

Mr. Turpen said staff was recommending keeping two concessions and introducing two new concessions. The new concessions would include a flower/candy shop and the other would sell hosiery and attendant items. Mr. Turpen said he would await the Commission's comments.

Commissioner Goosby appreciated the background information included in the item.

6. Report on Principal Concession Proposal for the South Terminal Retail Shops

Mr. Turpen said that staff anticipates in excess of 11,000 square feet of concession retail space in the remodeled South Terminal in comparison to the approximate 2300 square feet which currently exists. Thought is being given to either establish a principal concessionaire for each boarding area or a principal concessionaire for the entire area.

Mr. Turpen felt that there would be obvious benefits to establishing a principal concessionaire for the South Terminal. The operator would be able to move people fairly freely depending on demand and there would be some uniformity and control over merchandise that is sold and where it is sold.

Mr. Turpen said that concessions could be oriented to traffic. Boarding Area A, for example, will house PSA whose passengers travel short distances; Boarding Area B will house TWA and Western carrying passengers into intermediate/long-haul markets; and, Boarding Area C which has Delta, a transcontinental carrier.

Another approach would be the inclusion of mobile carts.

A third approach would be in the inclusion of a consultant paid for by the successful bidder and available to MBE/WBE businesses who would be included in the 25 percent participation goal established in this principal concession.

The last approach is the establishment of a market basket for the concessions in the South Terminal that would be different from those that currently exist in the North and International Terminals.

Mr. Turpen recommended proceeding in this manner in view of the square footage, the opportunity to bring in a consultant, and to continue with our MBE participation program which is recognized by the FAA, and, the mobile cart concept.

Mr. Turpen asked for the Commission's comments and reactions.

Commissioner Coblentz agreed with staff's plans for the South Terminal.

Commissioner Goosby asked if the leases would be for five years.

Mr. Turpen responded that they would be for five years. He feared that if they were for longer periods of time the concession would be locked in and the Airport would lose control.

7. Report on Status of Airline Compliance with SFIA Noise Abatement Regulation as of January 1, 1985.

This report informs the Commission of the actions taken and results to achieve 100% Part 36 Operation at SFIA by January 1, 1985.

Mr. Turpen said that Commission Resolution No. 78-0131 requires that all airlines operating at SFIA operate noise certificated fleets under Part 36 by January 1, 1985. The Noise Abatement office has surveyed all airlines operating at SFIA and those 49 airlines operating aircraft falling under the Part 36 criteria are in compliance. Staff will continue to monitor field-side activity should there be any departure from the current level of adherence to the Federal regulation.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE: .

The following item was put over to February 5, 1985.

8. Airport Motor Coach Service Agreement - Authorization to Bid

Resolution approving contract documents for Airport Motor Coach Service Agreement and authorization to bid.

The following items were unanimously adopted.

9. Contract No. 1013, Computerized Parking Control System: Notice of Intention to Terminate Contract.

No. 85-0002

Resolution to authorize serving Autoscan Systems, Inc. and its surety, Fidelity and Deposit Company of Maryland with notice of Airports Commission intention to terminate Contract No. 1013.

Mr. Turpen asked that the Commission support the staff recommendation to terminate the Autoscan contract.

There were no requests from the public to speak.

10. Bid Call: Airport Contract No. 1606
Stone Walkway in Atrium, Boarding Area "D"

No. 85-0003

Resolution approving the scope, budget and schedule for Airport Contract No. 1606 and authorizing the Director of Airports to call for bids when ready. The purpose of the contract is to provide a surface around the inside perimeter of the atrium for moving the window washing lift. Contract time is 60 calendar days.

11. Design Review Approval: North Terminal Christian Science Reading Room

No. 85-0004

Resolution approving the schematic design of the North Terminal Christian Science Reading Room.

Commissioner Coblentz asked if this had been reviewed by Jason Yuen and Howard Friedman.

Mr. Turpen said that they both approved the design.

Mr. Turpen said that the Christian Science Reading Room is paying the standard rental rate (category 1) on a month-to-month basis.

Commissioner Goosby asked about the reference to the First Amendment.

Mr. Don Garibaldi, Airport General Counsel, responded that the Airport is requiring that the Christian Science Reading Room put up a disclaimer sign similar to the signs on the First Amendment booths in the terminals. He said the Airport is not sponsoring any of their activities.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

12. Declaration of Emergency for Construction of Enclosures at Inbound Baggage Facilities to Eliminate Alleged Health Hazards Caused by Fluctuating Temperatures

No. 85-0005

13. Rejection of Bids and Authorization to Rebid Airport Contract 1585, Emergency Security Fencing Repair

No. 85-0006

Resolution rejecting all bids for Airport Contract No. 1585 and authorizing the Director of Airports to readvertise and call for bids when ready. The low bidder disqualified his bid by changing the context of the proposal; the second bid was substantially over the budget.

14. Tenant Improvement: Dollar Rent-A-Car

No. 85-0007

Installation of Car Wash and Gasoline Pump Island at Lot B. T-2900, \$60,000.

15. Bid Call - Airport Contract No. 1380
Replacement of PCB Transformers

No. 85-0008

Resolution approving the scope, budget and schedule for Airport Contract No. 1380 and authorizing the Director of Airports to call for bids when ready. The purpose of this contract is to replace three Polychlorinated Biphenyl (PCB) filled transformers with new non-PCB containing transformers. Contract time is 300 calendar days.

16. Proposed Exhibitions Program, Fiscal Year 1985/1986

No. 85-0009

Proposed Exhibitions Program for the fiscal year 1985/86, listing the proposed exhibits with descriptions.

Commissioner Goosby commented that there is a large array of great exhibits coming into the Airport.

17. Retirement Resolution - Zerline Dixon

No. 85-0010

Resolution expressing best wishes for the fullest measure of health, happiness and fruitful retirement to Zerline Dixon.

* * *

I CORRESPONDENCE:

There was no discussion by the Commission.

* * *

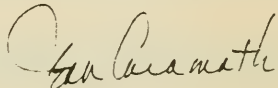
J. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:17 A.M. to go into closed session.



Jean Caramatti
Commission Secretary

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Special Meeting

January 22, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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Airports Commission

January 22, 1985
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Minutes
of the
Airports Commission Special Meeting

January 22, 1985

A. CALL TO ORDER:

The special meeting of the Airports Commission was called to order at 9:00 A.M. in Room 110B of the War Memorial Veterans' Building, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Commissioners Morris Bernstein,
J. Edward Fleishell,
Athena Tsougarakis

Commissioner Coblentz arrived at
9:03 a.m.

Commissioner Goosby arrived at
9:06 a.m.

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 8, 1985 were adopted by order of the Commission President.

No. 85-0012

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 85-0011 regarding the settlement of litigated claim at the Closed Session of January 8, 1985.

* * *

E. DIRECTOR'S REPORTS:

1. Report on the Development of Airport Land Utilization Plan

Mr. Lou Turpen, Airport Director, explained that the process used in developing an Airport master plan as well as the timetable has been outlined in the memo to the Commission. He explained that a review statement will be presented to the Commission after the demand in each benchmark has been identified and evaluated.

Commissioner Tsougarakis asked when in 1986 would Anza's parking contract terminate.

Mr. Sheldon Fein, Landside Operations, responded that he does not have a definite date. Anza sold the property and the new owners are in the process of designing and getting approvals from the City to construct office buildings.

Commissioner Tsougarakas commented that it appears that if the timetable was correct and it was approved in September 1985 it might not be enough time for planning parking.

Mr. Turpen said staff is already taking a look at the parking situation but before something is put together there will be a parking shortfall in an around the Airport.

2. Report on the Bay Area Teleguide System

Report on the usage and technical problems of the Bay Area Teleguide System and recommendation that said system remain on Airport for an additional six-month trial period, with conditions.

Mr. Turpen explained that this is an interactive passenger information system on a space permit which began last July and was scheduled to terminate this month. Bay Area Teleguide is the firm providing this service. Mr. Turpen said that a recent analysis of their operation indicated that there were about 41,000 users of the terminal and of that figure about 16,000 persons accessed information.

Commissioner Coblentz said that since this will be at no cost to the Airport and will be on a trial basis he recommended letting Bay Area Teleguide proceed.

Mr. Turpen agreed that Bay Area Teleguide should proceed. He said that in the past the Commission discussed the benefits of a static "You Are Here" system versus the interactive "You Are Here" system. He said that staff has come up with the proposal of displaying a "You Are Here" map rather than a logo thus making the system a static/interactive "You Are Here" combination.

Mr. Turpen said he discussed this with the Chronicle Videotex people and they are working towards putting it on within the next six months.

Mr. Turpen said he will be back in July with another report.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was put over.

3. Airport Limousine Service Lease - Approval of Lease and Authorization to Bid

Resolution approving contract documents for Airport Limousine Service Lease and authorizing staff to bid the lease.

Mr. Turpen said that it was his understanding that the only question at this time concerned the Human Rights Commission percentage. He said that Ms. Gittens addressed the question to Grant Mickins of the Human Rights Commission.

Ms. Angela Gittens, Deputy Director of Business and Finance, explained that the issue was a regulation revised by the Human Rights Commission as to the proportion that a venture had to be qualified for a local preference. She said that there are various minority/non-minority combinations that could or could not qualify for local preference. She explained that if a venture has no minorities or females it must be 100 percent local in order to qualify for a local preference. A venture that has non-local minorities or females must have 51 percent local minorities in order to qualify for the local preference. If a venture has local minorities it needs 35 percent to qualify for local preference.

Commissioner Coblentz asked if owner-operator vehicles had to hire minorities.

Ms. Gittens responded that the test would be to what extent the owners share in the profit of the business. If there were no females and no minorities they would not be qualified to bid on this contract.

Commissioner Coblentz felt this was discrimination and asked for a City Attorney's opinion on the requirement to have 35 percent minority or females in order to bid. He does not know of any concession that is analagous to this situation.

Mr. Turpen said staff will discuss this with the City Attorney.

Commissioner Fleishell said that an operator can bid, subcontract for additional limousines and require 75 percent of the subcontractors gross in order to become part of the combine. He asked if the Airport has any say in that contract.

Ms. Gittens responded that the only provision for review of such a contract is if a minority composition is claimed on joint venture.

Commissioner Fleishell agreed with Commissioner Coblentz' comments.

Commissioner Fleishell, citing page 5, "Director shall have the right to make reasonable objections to the quality of articles sold,..." said that he is not aware of any articles being sold.

Commissioner Fleishell felt that the \$1-million insurance for industrial makes sense but \$1-million per limousine per single injury is inadequate.

Ms. Gittens responded that that amount is about \$20,000 higher than the PUC regulation although that is going up in November.

Commissioner Fleishell explained that the Airport is putting together a lease on the basis of the Airport's exposure.

Ms. Gittens said that an increase in insurance might make the bid more restrictive.

Commissioner Goosby said that there was some interest expressed at the pre-bid conference to grant the successful bidder the right to sell tickets for other ground transportation services. He asked if the successful bidder would receive a percentage of the tickets sold.

Ms. Gittens responded that the Director would issue a permit and the Airport would receive a percentage. She explained that although this is not a part of the lease the lease anticipates this situation on a permitted basis. The successful bidder would receive a commission from the particular ground transportation service.

Commissioner Bernstein asked Mr. Robert Oziel of Associated Limousines to address the Commission.

Mr. Oziel said that he hoped each Commissioner had received a copy of his letter. He said that his company has been at the Airport for 12 years and built up the business from nothing.

Mr. Oziel said that the majority of their drivers were owner-operators. He explained that they each own one car and work in conjunction with the others. He complained that according to the Human Rights Commission his company will be forced to find a minority with a permit and a certain amount of experience and give them a relatively high percentage of the business. He said there was no breakdown as to whether or not it would be a gross total. He explained that northbound cars generally operate under a charter permit and southbound cars generally operate under a stagecoach permit. Mr. Oziel said there is not enough money or business to go north on a stagecoach permit on a regular basis. He said you could not give some 35 percent or 51 percent of the total business because the dollar amounts would be different going north as opposed to going south.

Mr. Oziel, in closing, said that the Airport has been running smoothly up until now. If the Airport is unhappy with the costs, something can be negotiated. If the Airport is unhappy with the hiring procedures, then those procedures should be changed rather than going with the Human Rights Commission's 35 percent ownership. He felt that any company should be able to bid so long as they can come up with the Human Rights Commission employee figures in the end.

Commissioner Bernstein asked Mr. Frank Todaro of Airport Limousine Service of Sunnyvale if he wished to address the Commission.

Mr. Todaro said that his company is a non-minority owned corporation operating 22 limousines. He said 25-30 percent of their owner-operators are minority but do not own any part of the company. He said that about 66 percent of their employees are minority but they do not own any part of the company either.

Mr. Todaro said that in order to be able to bid his company will have to joint venture with at least one other organization. He requested that the Commission reduce the minority percentage to 33-1/3 percent rather than 35 percent so that a joint venture with three equal partners could be formed. He explained that in his case in order to obtain licensing and some minority participation he would need a joint venture with two other entities.

Mr. Todaro said that although he felt his company could put a workable joint venture together on this basis he shared Mr. Oziel's concerns with the whole concept. He said that he would hope that a company that employs a number of minority employees or has a number of minority owner-operators would qualify for any goals the City has. Failing that, the 33-1/3 percent would be best.

Commissioner Bernstein asked Mr. George Long of Golden State Limousine if he wished to address the Commission.

Mr. Long said that Golden State Limousine is owned by a woman. They have permits for San Francisco and Marin Counties and have applied for permits for Contra Costa County. He said his company has no problems with what the Airport has done and what the Commission wants to do and they are ready to comply in all areas.

Commissioner Tsougarakis thought that a subcontractor that is a minority owner-operator would qualify.

Ms. Gittens responded that it was her understanding that it would depend on the relationship. If the subcontractor did not share in the profits and was basically an employee he would not qualify because he is not truly an entrepreneur.

Ms. Gittens said that an owner-operator can own 100 percent of the limousine but only 2 percent of the total business.

Mr. Turpen said he will consult with the City Attorney and report back to the Commission on February 5.

Commissioner Tsougarakis asked where the 35 percent came from.

Ms. Gittens responded that there are two 35 percents. One is the Airport's requirement of a 35 percent minority set-aside. This is the same level that the Human Rights Commission has for local or minority preference for a joint venture because staff anticipated that this would be a joint venture.

Commissioner Fleishell wanted to know why we are tinkering with something that works well.

Ms. Gittens responded that this started over a year ago when there was concern that other potential limousine operators were being shut out.

Commissioner Goosby explained that this came up 5 years ago and said it was unfair to continue to give permits to the three companies just because they have been at the Airport for so long.

Commissioner Tsougarakis asked how much business is done with other operators.

Ms. Gittens did not have a specific figure but said there is quite a bit of business done on a pre-arranged basis.

Mr. Turpen explained that the other limousine operators cannot solicit fares at the Airport.

Commissioner Coblentz said he wanted to make certain that this is fair and equitable to everyone. He said that perhaps in the long run the Airport should follow the practice of complete de-regulation advocated in Washington D.C. and open it up to everyone.

Commissioner Bernstein asked if any consideration is being given to those who give better service.

Ms. Gittens responded that in the bidding qualification there is a question referring to experience. Staff can check with the Public Utilities Commission regarding complaints received against the operator.

Mr. Turpen said that the item will be put over to February 5 at which time staff will present a further clarification of the Human Rights Commission portion. If there is any concern in the interim either he or Ms. Gittens can be contacted.

The following item was adopted by a 4-1 vote with Commissioner Fleishell casting the dissenting vote.

4. Smarte Carte - Test of Free Carts in Customs

No. 85-0013

Resolution for Commission approval of a test of free baggage carts in Customs by Smarte Carte. Airport will pay Smarte Carte to conduct test.

Commissioner Fleishell said that he is opposed to this. The Commission wants free carts, the Mayor wants free carts and most of the members of the Board of Supervisors want free carts. He said that every delay possible has occurred. He asked how staff obtained the \$90,000 without going to the Board of Supervisors.

Mr. Turpen responded that staff looked at the Commission's plan to have free carts confined to Customs and found that the physical space in Customs would not lend itself to that plan. The U.S. Customs Service and the Fire Marshall also objected to the plan for physical and operational reasons.

Mr. Turpen said staff took a look at the alternate plan of collecting carts outside the Customs area and returning them to Customs. This meant offering a free cart for 60-70 feet at which point the passenger would have to relinquish it and use a skycap or rent a cart.

Mr. Turpen said that staff was instructed by Commission resolution to install a staff-free cart system with unrestricted use. Staff developed a cost estimate and determined that it would cost the Airport approximately \$500,000 to buy the carts and hire the people to return them to Customs from various parts of the Airport. The Board of Supervisors approved purchase of the carts but denied the expenditure for additional help. He explained that this left the Airport in an operational bind.

Mr. Turpen said that a pre-bid conference was held in anticipation of the July termination of Smarte Carte's contract. Smarte Carte attended the pre-bid conference as well as one other person who had no cart experience.

Mr. Turpen said staff has surveyed the entire industry of 16 different firms to try and find one interested in managing a cart operation. He said there are only two companies in the world that make cart dispensers and one is Smarte Carte. The other has indicated that they are not certain they would care to manage the system.

Mr. Turpen said that Smarte Carte was very reluctant to enter into any type of agreement to provide free carts so in order to get this moving staff wanted to negotiate a trial period with Smarte Carte to provide free carts. He explained that the carts would go out at \$1.00 a piece and the passenger would get 25¢ back when the cart is returned. The Airport would get 10 percent of the 75¢ remaining so the net outflow to the Airport would be 92-1/2¢ a cart.

Mr. Turpen said that this would be an excellent way to get a handle on costs, explaining that there is a tremendous reluctance on the part of the Board of Supervisors and Mayor Feinstein to approve the hiring of additional personnel. He felt that trying to put in a system of free carts without the personnel to retrieve them is dooming the system to failure.

Mr. Turpen explained that there are really two issues involved: the first is that the carts be made available free of charge to arriving international passengers, and, the second is the Commission's objection to the shape of the cart. He said that Smarte Carte has indicated that they would change the design of the cart. Mr. Turpen felt we could get more bidders if the test proves out. Furthermore, it will give us an idea of how much we are going to spend. Staff feels that we might save money by offering a reward to return the cart.

Mr. Turpen said that Smarte Carte now has a contract with Safeway to provide carts and they are offering a 10 cent reward if the cart is returned.

Mr. Turpen said staff is trying to satisfy what the Commission wants as well as satisfy the operational needs at the Airport in as expeditious a manner as possible.

Mr. Turpen said he does not want to put a system in place that won't work. He said he is trying to promote a system that will work and reflect favorably on the Airport and the Commission. He said this test will give us a good idea of what it will cost.

Commissioner Goosby asked if anything was going to be done about the shape of the carts.

Mr. Turpen responded that nothing would be done right now. Smarte Carte has already committed that they will change the design of the cart in consideration for an extension of the lease.

Commissioner Goosby suggested that the other option was to have the barriers like they do in New York. Passengers come through Customs with a free cart and when they reach the barrier outside of Customs they transfer their luggage to a pay cart or give their luggage to a Skycap.

Commissioner Coblentz commented that there were no longer carts beyond the barriers in New York.

Mr. Turpen said that he had a video tape shot of the entire Customs operation and personally went to the Airport on weekends and nights to observe. He said that some of the heaviest baggage flights in the world come through SFO. He said that people come out of Customs pushing carts with baggage piled to a height of 6 feet. To suggest that passengers transfer their luggage at that point would not be operationally prudent.

Commissioner Tsougarakis asked what the original rationale was for free carts in the first place. She said that if it was because they don't have the \$1.00 in their pockets in Customs what makes you think they are going to have it when they get to the barrier?

Commissioner Fleishell responded that passengers are usually met by someone. He was surprised that staff doesn't already know what happens to the carts. He said that passengers come out with their cart and get in a car, or, a friend gets the car while they wait at the curb. He said there are a number of ways that this could work and did not think it was the Commission's job to tell staff how to handle an operational item. He suggested that barricades could be placed in the garage, limiting the areas in the garage where carts could be taken.

Commissioner Tsougarakis thought that the test should be made. She felt that the notion of a reward, even though the cart is free in the first place, would be the cleanest way of solving the problem. She felt that carts in Customs should not be any different than any other carts in the Airport. In trying to return carts to Customs from other parts of the Airport you will be creating another problem.

Commissioner Coblentz said he would be in favor of the test because sooner or later the Mayor and the Board of Supervisors will have to be faced with the total expense. He said that after the test the figures can then be presented to the Mayor as our best estimate based on the research staff has done. Commissioner Coblentz said he is willing to go along with the \$90,000 expenditure, but no more.

Mr. Turpen, responding to Commissioner Fleishell's comments, told the Commission that staff did a survey on where carts are taken and found that approximately 50 percent go to the curbside. The rest go out to the garage, the North Terminal, the South Terminal, or back up stairs.

Commissioner Coblentz said that in New York you take your cart as far as the Custom's checkpoint and no further because Customs does not want those carts outside of their area. So, you've given up your cart before you have even left Customs and no one is there to help you.

Mr. Turpen said that at this point we really don't know how many people will take a cart because of the current \$1.00 charge. He said that passengers who pay the \$1.00 and pile the cart high with baggage might take two or three carts when they are free.

Mr. Turpen felt that if we can get an operator to put this type of system in with the cart that we select there will be more companies interested in bidding.

Commissioner Bernstein asked if the Airport pays for missing carts.

Commissioner Coblentz did not think the Airport should be liable for any missing carts.

Mr. Turpen responded that under this agreement the Airport is not liable for missing carts and that the reward system has been very effective in minimizing those numbers.

Commissioner Fleishell said that the purpose of the test, in part, is to determine how many carts passengers take. Anyone who has come into our Airport knows that you can't get out without two carts if you are a couple traveling together. SFO is the only international airport in the world with that type cart. You can get one bag in it, the rest must be put on top. Then the cart flops over.

Mr. Turpen said that Los Angeles and Honolulu have that type of cart.

Commissioner Fleishell felt that until the Airport has a cart that fits international requirements and accommodates the number of bags now allowed by air lines, you cannot make a fair test. He felt this just further delays the problem and offers no solution.

Commissioner Coblentz commented that when he and his wife travel they manage to squeeze four large suitcases on the cart. He said it is a little unwieldy but it can be done.

In closing, Mr. Turpen said the former Finance Committee of the Board of Supervisors was adamant about not hiring any additional people. Furthermore, the Mayor's budget instructions are clear cut with respect to not hiring any additional people. If we decide to run this system by ourselves we would need money to buy the carts and money to pay employees to move the carts around. Unless we have the necessary resources the program won't be effective.

Commissioner Goosby said that Smarte Carte has supplied employees to change money but they weren't on duty all the time.

Mr. Turpen said that Citicorp has indicated that they might want to put a facility in Customs. He told Citicorp he would recommend approval of the facility to the Commission. Mr. Turpen said it would be an extension of what they have right outside the Customs area.

Commissioner Fleishell asked how staff got the \$90,000 without going to the Board of Supervisors.

Ms. Gittens said that staff previously went to the Board of Supervisors on construction of barricades and purchase of carts under the old system. It was felt that the same financing could be used for this purpose.

Commissioner Fleishell said it was just more money and we still don't have a solution to the problem.

The following item was unanimously adopted.

5. \$15,000 Modification to Morris Davis Professional Services Agreement

85-0014

Resolution authorizing a \$15,000 modification to the Morris Davis professional services agreement.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

6. Near Field Detector and ILS System for Runway 28R

No. 85-0015

Resolution approving modification #001 to FAA lease FA7SWE-2904 for the relocation of FAA equipment shelter for the Near Field Detector and ILS System for Runway 28R.

7. Statistical Adjustments for 1984-85

Joint Use Billings under New Lease & Use Agreement

No. 85-0016

Resolution adjusting 1984-85 Joint Use Billings pursuant to Section 101.W of the Airline-Airport Lease and Use Agreement for Total Air.

8. Joint Use Billings for 1984-85

Joint Use Billings under New Lease and Use Agreement

No. 85-0017

Resolution adjusting 1984-85 Joint Use Billings pursuant to Section 101.W of the Airline-Airport Lease and Use Agreement for Frontier Airlines.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. PUBLIC HEARING:

The Public Hearing was called to order at 9:46 A.M. and ended at 9:49 A.M.

9. Airports Commission Budget for Fiscal Year 1985/86

Public hearing concerning proposed budget of \$136,537,960.

Mr. Turpen told the Commission that the airline community will appear at the next meeting to comment on the budget. He said that the airlines accepted the budget in its entirety with the exception of the item on carts.

Commissioner Tsougarakis asked what the airlines stand on carts was.

Mr. Turpen responded that they did not feel the Airport should offer free carts.

10. Proposed Increase on Parking Fees

Public hearing concerning recommended increases in employee parking fees in Lot D and the garage.

Mr. Turpen told the Commission that tenants were notified of the public hearing on the rate increase. A subsequent announcement was sent to tenants regarding the location of the meeting.

Mr. Turpen explained that tenant organizations like the airlines provide parking slots for their employees. Rent-a-car employees typically pay for their own.

Mr. Turpen proposed that the resolution reflect that the rate will be reviewed and adjusted with the garage rate.

Mr. Turpen said that up until 1980 \$5.00 a quarter was charged for parking.

* * *

F. DIRECTOR'S REPORTS:

The following item was reintroduced by Commissioner Goosby.

1. Report on the Development of Airport Land Utilization Plan

Commissioner Goosby asked Mr. Turpen if any revisions had been made to the proposal. He saw no reference to a survey for alternatives to the West of Bayshore property. He felt that all facets of the program should be spelled out.

Mr. Turpen responded that at this stage there would be no discussion of alternatives. He said that in accordance with the Lease and Use Agreement the Airport, with the exception of maintenance, is not to expend any funds, including staff time, on the development of the West of Bayshore property.

Mr. Turpen said that the disposition of that property lies in the hands of the Mayor and the Director of Properties. He said that the Commission authorized him to transfer that property to the Director of Properties at the appropriate time; he still retains the authority. Mr. Turpen explained that he must first declare it surplus to the Director of Properties who, in turn, declares it surplus to the Board of Supervisors. The Board then transfers the administrative responsibilities from the Airport to the Director of Properties.

Mr. Turpen explained that the property has not been transferred because the Airport is still doing maintenance as part of the flood control program. He also said there has been a problem with snakes in the interchange. Mr. Turpen further explained that he was not

certain the Airport would not want a portion of the less desirable property opposite the Airport interchange for some type of Airport related activity, possibly for rent-a-cars.

Mr. Turpen explained that the Airport has no authority over the West of Bayshore and will not have unless the Airport has an alternative which uses the West of Bayshore, the airlines agree to modify the Lease and Use Agreement and the Mayor agrees to allow the Airport to use that portion of the property.

Commissioner Goosby recommended communicating this discussion to the Mayor and her liaison to the Airport.

Commissioner Fleishell asked if it is possible to come up with a solution to the drainage problem.

Mr. Turpen said he would look into it.

* * *


K. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

M. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:00 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



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Special Meeting

February 5, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

February 5, 1985

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Minutes
of the
Airports Commission

Special Meeting
February 5, 1985

A. CALL TO ORDER:

The special meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Commissioners Morris Bernstein,
William K. Coblentz, Z. L. Goosby,
Athena Tsougarakis

Absent: Commissioner J. Edward Fleishell

* * *

C. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 85-0018 approving the appointment of Ron Driscoll as Chief of Police and James Gibbs as Deputy Chief of Police at the closed session of January 22, 1985.

* * *

D. DIRECTOR'S REPORTS:

1. Progress Report on the I-380 Highway Construction Program

Lou Turpen, Director of Airports, said that the report before the Commission outlines the progress of the Interchange to date. He said that currently emphasis is on the I-380 connection to the Airport as well as the I-380 viaduct connecting the Airport with Interstate 380.

Mr. Turpen showed the Commission photos of the construction site. He said he will offer quarterly reports on the status of the construction.

2. South Terminal Carpet Bid

Mr. Turpen said that the Commission should have received the memo from the City Attorney recommending that we reject all bids and rebid this contract.

Commissioner Coblentz said he agreed with the City Attorney's opinion. He said there is a very substantial difference and in light of the City Attorney's opinion and after reviewing all the material asked that all bids be rejected and new bids be invited for this project.

Commissioner Bernstein asked why the omission was not discovered sooner. He asked if it was a technical error and if it could be overlooked. He said he would not vote for a bid that is hundreds of thousands of dollars more.

Don Garibaldi, Airports General Counsel, explained that the bids come in sealed envelopes. He said that Mr. Yuen's division was handling the bid opening and he did not know why the error was not discovered sooner. As outlined in his memo to the Commission, this was not a technical, minor defect.

Jason Yuen, Administrator, Bureau of Planning and Coinstruction, said the omission was discovered 20 minutes after the bids were opened. Mr. Yuen said the contractor was immediately notified and he offered to submit a signature. The City Attorney said the signature could not be accepted after the bid opening.

Commissioner Bernstein said contractors should be advised and reminded of all the technicalities.

Mr. Yuen responded that the necessity to submit a signature and bid bonds and all other documents is in the written instructions to the bidders. There is also a pre-bid meeting. Mr. Yuen said this is a human error; it was not because the contractor was not informed that he needs to sign his bid.

Mr. Don Featherstun of Petit and Martin, representing Monroe Schneider, said that he is aware that the City Attorney has issued a decision not to accept the bid. He said he disagreed with that opinion. He said a bid is nothing more than an offer and there are no requirements for an offer to be signed. The only requirement for this signature came out of the solicitation itself. The solicitation clearly said that it was discretionary on the part of the City to waive the signature, if necessary. He understood that the Commission has some concern that if they don't reject they are likely to face a bid protest.

Commissioner Coblentz said that he did not know about the other Commission members but he and Mr. Fleishell had the opportunity to read Mr. Featherstun's brief and felt it was very compelling. He said the Commission was sympathetic and perhaps even favorable towards Mr. Featherstun's point of view but he could not vote in opposition to the City Attorney's opinion.

Mr. Featherstun said that they were brought into this fairly late and the memo they did is somewhat incomplete. He said additional research has been done and additional cases found that he thought would satisfy the Commission's concern that they might be sued on a bid protest. He

said the State of California cases indicate that unless there is a showing of fraud by this Commission the courts are going to uphold any award of the contract the Commission makes. He said that the one case that the City Attorney is relying on is a 1900 case. Mr. Featherstun said it was his understanding that it has not been recited as good law since 1913. The cases to which he referred have been included in a memo he has prepared and will submit to the Commission. Those cases are in the 50's and the 60's. He asked that the City Attorney review the memo.

Commissioner Coblentz said that he didn't see any other way but to reject all bids and start from the beginning.

Commissioner Goosby said that the action the Commission is taking is in recognition of the fact that they are concerned about the lowest bid going out the window. He said he understood that all the bids are out in the open and the work has to be redone, however, there is nothing the Commission can do about it at this point.

Mr. Featherstun said his concern is that in the course of cancelling the bid the Commission is setting a dangerous precedent for the future. He said that if some contractor wants to find out what his competitor's bids are all he has to do is bid ridiculously low and leave off the signature. When the bids are opened he will find out what everyone else bid. Mr. Featherstun said the Commission will have opened up a way to challenge the integrity of the bidding system. He felt it would be in the City's best interest to accept this bid, which is \$600,000 lower than the next bid, and not open up that loophole.

Commissioner Goosby responded that it would seem that the proper way to close that loophole would be to not accept his bid and take the next lowest bid.

Mr. Featherstun responded that the Commission will be passing up a perfectly good bid and have to explain to the public why a \$600,000 lower bid was rejected.

Commissioner Coblentz suggested that the brief be submitted to Mr. Garibaldi and this item will be reviewed at a special meeting to be called by the Chair.

Jason Yuen suggested that the Commission go ahead with the rejection and then if the City Attorney finds that there is a compelling reason to reverse his opinion the Commission can void the resolution and proceed at the next Commission meeting.

Mr. Turpen explained that if we proceed with the rejection and the City Attorney's position in this matter remains the same we will already be in the process of rebidding this contract. If the City Attorney were to change his opinion then we could call a special meeting, rescind the rejection and take whatever action the Commission would deem appropriate at that time. He recommended setting a time for a special meeting.

Commissioner Coblentz asked that Mr. Garibaldi receive Mr. Featherstun's brief today. He asked Mr. Garibaldi when he thought he would have an opportunity to review the brief.

Mr. Garibaldi responded that his review would be completed by the end of the week.

Commissioner Coblentz suggested that a meeting be scheduled for Monday at 9:00 A.M.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was put over and will await the call of the Chair.

3. Airport Motor Coach Service Agreement - Authorization to Bid

Resolution approving contract documents for Airport Motor Coach Service Agreement and authorization to bid.

Commissioner Coblentz said that like the rest of the Commission he has reviewed in detail the Airport Motor Coach Service Agreement - Authorization to Bid and received a plethora of material which raised a number of questions. His questions concerned the type of service, the busses, the criteria for payment, wages, etc. He intends to submit these questions in writing to the staff and invited all other members of the Commission to do the same. As a result, he asked that the item not be taken off calendar but put on calendar subject to a call by the Chair with the appropriate notice. He felt that in this way the Commission will have their questions answered and the bid that will eventually be put out will be fair to all parties.

Mr. Turpen said the item will be placed on the trailing calendar and will be at the call of the Chair. He said staff will promptly respond to any questions received from the Commission.

Mr. Turpen asked that anyone wishing to submit written comments to his office do so no later than the 15th.

Commissioner Coblentz said he would like to meet with staff and one other Commissioner, possibly Commissioner Tsougarakis, to discuss this.

Commissioner Tsougarakis said she would like to attend. She asked that the item return to the calendar within the next month if possible.

The following item was unanimously adopted.

4. Airport Limousine Service Lease - Approval of Lease and Authorization to Bid

No. 85-0019

Resolution approving contract documents for Airport Limousine Service Lease and authorizing staff to bid the lease.

Commissioner Coblentz said he understood that the Airport cannot require that minorities or women participate in each bid and asked about the 5 percent preference.

Mr. Turpen explained that although the Airport cannot require minority/women participation a 5 percent preference is given to encourage their participation. In addition there is a 5 percent preference for local participants.

Commissioner Coblentz asked if the 35 percent requirement was out.

Mr. Turpen responded that it was.

Commissioner Goosby said that the one-third goal in the specifications is not a mandatory requirement. He felt it was important to make it understood that staff had to revise it from a 40 percent expectation of a joint venture to a one-third goal of minority or women vendors to create a joint venture. If minority or women vendors cannot be found then the bid is submitted without them. He suggested that the Airport exhaust all remedies under the ordinance that have to do with setting a goal without set asides and without requiring a certain percentage of minority participation. If a bidder wants to try to get the edge he will be motivated to include women or minorities. Commissioner Goosby felt that if we still aren't successful in meeting the terms and goals of the ordinance after a year we can look at set asides for this type of a venture.

Commissioner Bernstein asked Mr. Melvin Brewer of Brewer Limousine Service if he wished to address the Commission.

Mr. Brewer asked to have the opportunity to speak after he has heard what others had to say.

Commissioner Bernstein: Al Arnaud, attorney for Associated Limousine.

Mr. Arnaud said that Associated Limousine of San Francisco suggests that there be a requirement that the bidder have current and valid San Francisco limousine permits in a sufficient number to service the area from the Airport into San Francisco. The purpose of those permits is to regulate the operation of limousine service within the City and to protect the public. He said that if the Commission does not include that as a requirement in the bidding process then that situation can create a conflict between the Police Commission's efforts to regulate limousine service within the City and County of San Francisco and the Airports Commission's efforts to regulate service from the Airport to the City.

Ms. Gittens said that permits to San Francisco and the other Bay Area counties are included in the bid and the successful bidder must have them prior to commencement of the agreement not prior to bidding.

Mr. Arnaud said that they were talking about two different permits. Staff is talking about a State Public Utilities permit, i.e. stagecoach passenger permit. He is referring to the permits that are required by the City and County of San Francisco and obtained through the Police Commission to operate within the City and County of San Francisco. He said that limousines are regulated by the City as well as by the Public Utilities Commission.

Commissioner Coblentz said that the successful bidder who does not have those permits will be given a certain amount of time in which to obtain them.

Commissioner Bernstein called on Mr. Fuller of Fuller Limousine Service to address the Commission.

Mr. Fuller said that about three years ago he tried to obtain a permit from the Police Department but was told he did not need one to operate in the City of San Francisco as long as he had the State permit.

Mr. Fuller asked if the purpose in making the minority participation 51 percent was to get minorities involved in the bid process.

Mr. Turpen responded that there would be a 5 percent preference offered to a firm that was 51 percent minority owned, or, in a partnership where there was a 35 percent minority ownership of the partnership. There was a question as to a set aside requirement of 40 percent for minority involvement in which the bidder would have to meet one of the minority criteria in order to bid on the contract. The City Attorney, working with the Human Rights Commission, has determined that that type of set aside would be inappropriate at this time.

Commissioner Bernstein called on Mr. Michael Harris of the San Francisco Limousine Company to address the Commission.

Mr. Harris said that certain companies have certain advantages over minority companies that wish to operate out of the Airport. He said that companies currently operating out of the Airport are claiming that "pirate" companies are taking potential clients.

Mr. Harris said that there is not enough business in San Francisco that can be acquired by new minority firms. These companies are forced into a position where they must find some type of income to keep them functioning. When a driver takes a run to the Airport from a hotel in downtown San Francisco it is much more profitable to go back to San Francisco with passengers. He said that if Associated Limousine lost the Airport they would virtually go out of business because they would lose the hotel concessions. These companies will not run empty in one direction or with a non-paying load or a low-paying load to the Airport and empty back into San Francisco.

Mr. Harris felt that the best course to take is to push for a joint venture between a minority collection of drivers and force Associated, Golden State or Airport Connection to work with these minority firms. He felt that the overall purpose is to give fair service to the clients and to split those profits among everyone who is working within the City.

Mr. Harris said that Associated Limousine and the other operators that are in the Airport have been given these permits without a bidding process. They have not followed any of the City or State affirmative action requirements. Mr. Harris said that when the 51 percent minority ownership was first discussed the limousine companies began approaching minority companies. Since the requirement was diluted those same companies have been trying to go around the minorities to keep power within those few companies that operate within the Airport.

Mr. Harris felt that the Airports Commission owes it to the people of San Francisco to take a firm stand and be willing, if necessary, to go to court and fight to keep a minority base within whatever operation goes into San Francisco Airport. Mr. Harris said they need

a Commission that will stand behind some type of affirmative action and not use the threat of potential lawsuits or future problems as a way of diluting the bid specs and going back to the system as it has been for years.

Commissioner Bernstein said it was the policy of the Commission and the Director to see that everyone has a fair chance.

Commissioner Goosby quoted the bid specs, instruction III, under C:..."prospective bidders who may not qualify individually as stated above are encouraged to form joint ventures, partnerships or corporations with organizations which do meet the bidder qualifications, however, one individual must meet the qualifications specified in A above and bidders may not use their cumulative experience or fleet levels to meet the bidder qualifications." In other words, we are encouraging a joint venture as opposed to requiring it. If the bidder does not meet this goal there is nothing the Commission can do.

Commissioner Tsougarakis asked what "bid preference" meant.

Mr. Turpen responded that bid preference means that a bidder gets a 5 percent bonus if they are either 51 percent minority or 35 percent minority in a partnership. The reasoning is that if the law, which has not yet been tested, does not result in successful minority participation then there would be a rethinking in terms of requiring the set aside. At this point the City Attorney has recommended that we go with the 5 percent preference points and determine whether or not that percentage would satisfy our overall goals for percentage of minority contribution. If it does not, the City Attorney has indicated that set asides would then be invoked.

Commissioner Goosby said that the specs should spell out the expectation of an equal risk for an equal share of the profits. He wants to avoid the situation of a majority company joint venturing with a minority firm in order to get the 5 percent preference and then sticking the minority firm with the less lucrative part of the business. He felt the Commission should have the assurance that this situation will be guarded against before voting on the bid specs.

Mr. Turpen responded that the lease specifications talk about the MBE/WBE/LBE certification. He also said that Commissioner Goosby's concerns could be communicated to HRC in writing.

Commissioner Coblentz agreed with Commissioner Goosby. He said the Human Rights Commission should keep a close eye on this. He suggested that staff also keep a watchful eye and in the event this situation does happen the Commission should consider terminating the agreement.

Commissioner Tsougarakis agreed with Commissioner Goosby as well.

The following item was adopted as amended by a 3-1 vote with Commissioner Bernstein casting the dissenting vote.

5. Airports Commission Budget for Fiscal Year 1985/86

No. 85-0020

Resolution approving the proposed
Fiscal Year 1986/86 Budget of
\$136,542,820.

Mr. Turpen said the Commission has already seen the budget and he has no further comments to offer. He said the airline community indicated they could not attend our last meeting at which a public hearing on the budget was held and wanted to address the Commission at this meeting.

Commissioner Bernstein called on Mr. Paul Van Wert of United Airlines to address the Commission.

Mr. Van Wert said he was addressing the Commission as Chairman of the San Francisco Airline/Airport Affairs Committee. On behalf of all the airlines serving the Airport he offered congratulations to Commissioner Tsougarakis on her appointment to the Airports Commission.

Mr. Van Wert introduced Roger Cohen, Director of Civic Affairs for TWA; Brendan Carmady, Director of Properties for American Airlines from Dallas; Jim Chamberlain, Regional Director of Properties for Delta Airlines in Atlanta; and, Chairman of the Foreign Flag Carriers' Committee, Fudge Kuwano of Japan Airlines.

Mr. Van Wert said they were here to reaffirm their opposition to the proposal to offer a free luggage cart service at the Airport and the funding for that service in the budget. He said the airlines have gone on record as opposing this move with the Mayor's Office, with the Finance Committee of the Board of Supervisors, with this Commission and with the staff for more than a year.

Mr. Van Wert said that a good piece of advice to follow is "if it ain't broke don't fix it." He felt that admonition was applicable in this case. The luggage cart service may need some fine tuning but the staff and the vendor are working on it; it does not need a major overhaul. Mr. Van Wert said that the 1980's brought with it terms like Reaganomics, lower taxes, deregulation, less government involvement in business and user fees, meaning you pay for what you use. He felt that the system we have in place at the Airport today is consistent with that philosophy.

Mr. Van Wert recounted a recent meeting where an investment his company had made was being scrutinized. They talked about its profitability and said it was finally determined that the degree of profitability was only \$119 a month against a fairly large investment. It was pointed out that if they had adopted the other alternative available to them there would have been a \$100,000-a-month negative cash flow. Mr. Van Wert felt that was analagous to the situation at the Airport. He said that the luggage cart service concession, though not a big winner, is a winner and the alternative is an enormous economic loser.

Mr. Van Wert said that he realized that the funds appropriated for this are a part of the overall budget but suggested that the funding for the free luggage cart service be dealt with separately from the budget. He said that the Airline Committee has reviewed the budget with the staff and are prepared to endorse its adoption except for this item.

Commissioner Tsougarakis asked what happens to our agreement with the airlines if we decide not to use free carts. She asked if the money is left in the budget but not spent are we still okay with the airlines.

Mr. Turpen said that if we don't spend the money it will remain in the budget and at the end of next year it becomes part of a surplus

carry forward as defined by the Lease and Use Agreement. The excess is carried forward and is applied to the next year's rates and charges. The Airlines are concerned because their rentals will be based on our anticipated expenditure of that \$500,000. The airlines will have to wait a full year until that money is credited back to them.

Commissioner Goosby said that the Commission is interested in accomplishing this at a reasonable expenditure and \$500,000 to a \$1,000,000 is not a reasonable expenditure. He said that he does not want to take any definitive action in Mr. Fleishell's absence since he is the Commissioner most interested in this item. Commissioner Goosby said the item could be left out and then staff could go for a supplemental appropriation. He said he told Commissioner Fleishell about his reservations on the amount of the expenditure.

Commissioner Coblentz, having opposed this from the beginning solely on the basis of cost, suggested that the budget be approved with the exception of the cart item. He felt that a lot of items are going to be cut and it would be somewhat irresponsible to ask for \$500,000. It seemed to him that if the Board and the Mayor want that expenditure let them so request it. The Commission will adhere to their wishes. He felt the experiment should go forward.

Commissioner Bernstein said that the carts were an absurd expenditure however, the Commission did adopt a resolution.

Mr. Turpen explained to Commissioner Bernstein that when the Commission first suggested that we pursue free carts with unrestricted use in the Customs area staff prepared a Commission resolution and subsequently went to the Board of Supervisors for approval. That resolution was for a little more than \$150,000, but considerably less than \$500,000. The Board of Supervisors approved that portion for purchase of the carts but refused the portion which would support the operation. We wound up with carts but no way to move them back into Customs. Staff, therefore, has not proceeded with that alternative because it was operationally impossible to execute.

Mr. Turpen said that we are annually experiencing about a million international arrivals. Just on the assumption of \$1 a cart would give some feel for the costs involved but the 60-day experiment should give some quantification of the true dollar amount. Staff is prepared to move ahead with the test on March 1st. At that time, we will have a better understanding of what the impact can be.

Mr. Turpen said the Commission has the option of removing the item from the budget and subsequently developing a supplemental if necessary, or, the item can be left in the budget.

Commissioner Coblentz said that although they did approve the carts no one really knew the enormity of the cost.

Commissioner Bernstein felt that the budget should be adopted as is and, if necessary, we can go to the Finance Committee or the Mayor and have the item lined out. He did not feel the item should be taken out in Commissioner Fleishell's absence.

Commissioner Coblentz said he would not go for that. He asked that the budget be approved with the exception of the carts. He did not think that respect for anyone's absence was appropriate.

Commissioner Tsougarakis asked why the need to purchase carts.

Commissioner Coblentz responded that Smarte Carte owns the carts, not the Airport.

Mr. Turpen added that the current cart operator rents carts for \$1 Airport-wide and the passenger gets 25 cents when it is returned. The carts in our Customs arrivals area are the property of Smarte Carte. That company has been unwilling to provide a free cart system, other than for this experiment.

Commissioner Tsougarakis said she did not see anything wrong in going back to the City after the experiment has been completed with a true indication of the cost of a free cart operation. She did not feel that the cart item belonged in the budget until after the experiment was over and staff knew what the cost would be.

Commissioner Bernstein still felt that in view of the fact that Commissioner Fleishell was so strongly in favor of free carts and due to the fact that the Commission did pass it, he felt that the proper way to handle it would be to pass the budget and then later ask either the Finance Committee or the Mayor to delete the item.

Commissioner Tsougarakis asked what happens if the budget is adopted as is and the airlines don't like what we have done.

Ms. Gittens responded that if the entire \$465,000 is operating expense then the airlines really can't do anything about it. If a portion of that is later identified as capital expenditure, the airlines could take up to 6 months to delay it.

Lou Turpen said that the other problem is that our current cart concession expires on July 16.

Ms. Gittens clarified that the \$465,000 was for the operating expense in addition to the \$540,000 in capital cost. The carts will be purchased this year in order to start up the system next year.

Mr. Van Wert, commenting on Commissioner Tsougarakis' original question, said that the airlines would consider it very unsatisfactory if half a million dollars were left in the budget and included in the basis on which their rates and fees were established. He said that if this controversy were to go on for some time the airlines would be funding a non-existent project with an interest-free loan. He said, as Dr. Goosby pointed out, the airlines really never get the money back so they don't consider this a satisfactory solution. He explained that their objective is to have the item eliminated from the budget and have the test cancelled.

Mr. Van Wert said the airlines don't have a lot of faith in the test because they don't feel it will expose the operating problems. The vendor has his reputation at stake and will insure that the free cart system in Customs will operate smoothly. It will not expose the problems of a city operated system which they believe can only expand to the full extent of the Airport. Mr. Van Wert said that they don't believe that it is worthwhile to consider this matter on the basis of the free cart system in Customs and a pay cart system elsewhere on the Airport. The airlines are of the opinion that if the Commission pursues a free cart system anywhere on the Airport eventually there will be a free cart system all over the Airport. In that event, the Airport will be looking at \$2-million in an annual budget rather than \$500,000. Over the years millions and millions of dollars will be thrown away.

Commissioner Bernstein felt that in view of Commissioner Fleishell's absence and in view of the fact that it is just a matter of whether to leave the item in the budget or go for a supplemental he did not think that the item should be removed from the budget at this time. He felt that the budget should be passed as is and then the item could be removed by the Mayor or Finance Committee.

Commissioner Goosby said that because the Mayor and the Board of Supervisors are interested in a free cart system he felt there was a good chance of getting approval for a supplemental appropriation. Commissioner Goosby asked that the resolution contain an amendment that would delete this one expenditure but protect the \$90,000 for the experiment that's already in this year's budget.

Commissioner Goosby asked that Commissioner Fleishell be told the reasons for the deletion.

Mr. Turpen pointed out that the Airport intends to move ahead on March 1st with the trial and that the vote today has no bearing on the Airport's intent to proceed with the trial.

The following item was put over to the February 19 meeting.

6. Increase in Employee Parking Fees

Resolution authorizing increases in employee parking fees in Lot D and the garage.

Mr. Turpen explained that a public hearing on the increase was held at the last meeting. He said there were speakers in the audience who would like to address this issue.

Terry Gross, Budget Rent-A-Car, said he was present the last time the Commission raised the fees. He said he complained then that there was no security in the parking lot and broken glass on the pavement. Mr. Gross said that a fellow employee had her car broken into in broad daylight. He complained that there was still four inches of water under part of the parking lot from the last rain.

Commissioner Coblenz was sympathetic to their problem but said that even though he parks his car in Embarcadero One it was broken into. He thought they were entitled to better security.

Mr. Gross added that they would also like lights, a dry pavement and the glass removed.

Commissioner Coblenz asked for a report by the next meeting regarding security measures and cleaning up the lot.

Mr. Gross said they were promised better security the last time the fees were raised. He complained that the Commission wanted more and more money but the employees don't get anything they are promised.

Mr. Turpen suggested the item be put over and he will take a look at the current levels of maintenance and security.

Commissioner Coblenz did not want to put the rent increase over. He said that perhaps the Commission will have charge more for security and safety.

Mr. Gross said it isn't like they were parking in the garage where they are just a few steps from the job; they have to get on a bus. He said the bus service has improved.

Mr. Turpen added that the service is free.

Mr. Gross argued that they pay for it.

Commissioner Coblentz asked what the monthly cost was.

Mr. Gross responded that it was \$32 a quarter. He said they were paying \$5.00 for three months.

Commissioner Coblentz said he thought the rates were low and should be raised but that the employees are entitled to safety and to a clean lot. He moved that the item be put over until the next meeting and asked for a full report. He said he would push very hard to raise the rates.

Ms. Rosario Angelo, rental car employee, said the Airport is supposedly supplying free transportation from lots C and D but that transportation is also available to the public. They are not paying an additional increase in the public parking.

Mr. Turpen responded that the public parking was assessed at least one rate increase, possibly two, since the last time the employee rate was increased. The shuttle bus operation costs \$1.5-million a year and a significant portion of that is paid for by the persons in the public parking area. He said the Commission directed staff to take a look at employee parking rates. He said it is true that we charged \$5.00 a quarter for years but unfortunately there are only 2,200 acres of property at the Airport to conduct all of our operations. Parking is becoming more and more congested, and more and more of a premium. He felt that the rate increase is extremely reasonable in view of the costs involved in supporting that operation and the competition for more parking spaces.

Ms. Angelo said that the airlines supply free parking for their employees but rent-a-car agencies do not. She said the increase will take effect as soon as it is voted on and in 1986 there will be another increase. She complained that there is no ceiling.

Mr. Turpen said that was correct. He said there will not be a ceiling on any of the fees at the Airport simply because our costs of operation continue to rise. It costs us more to get a rent a car today than it did 5 or 10 years ago. He said we are all being paid more today than we were 5 or 10 years ago. Mr. Turpen said the Airport's costs continually go up and they must be supported. We try and make it as equitable as possible considering the amount of employee useage there is on the shuttle bus.

Ms. Angelo said that the biggest complaint as far as the rental agencies are concerned is that the rates are raised but the employees do not get what they are promised.

Ms. Angelo said that prior to the last meeting when the decision was made to increase the rates the tenants were informed that the meeting would be held at the Airport. It was not until the day of the meeting that they were told that it was being held in City Hall. Consequently, those individuals who were interested were not able to attend.

Commissioner Tsougarakis responded that that was why it was put over.

Mr. Turpen said the item would be put over in order to prepare reports on security, the condition of the lot, the cost of supporting the lot, and a breakdown on what it costs to support that lot. He said he would be happy to send her a copy of that report.

The following items were unanimously adopted.

7. Lease for Hosiery and Related Gifts - Authorization of Pre-Bid Conference

No. 85-0021

Resolution approving leasehold specifications and authorizing Director to hold Pre-Bid Conference for the lease of hosiery and related gifts in the North Terminal.

Mr. Turpen explained that the next four items are part of the North Terminal concession previously approved by the Commission. The initial concession group that went out in 1979 has expired. Staff approached the Commission with a concession plan and this is a result of that plan. The request is for authorization to hold a pre-bid conference and solicit from perspective bidders their comments as to the draft specification. He said that once the pre-bid conference is concluded staff will come back to the Commission with the attendees' comments for the Commission's consideration in finalizing the specifications.

Commissioner Bernstein asked how many square feet the hosiery operation would have and what the rent would be.

Ms. Gittens responded there would be 333 square feet of retail space. The minimum rental in the bid will be \$50,000 against a 20 percent of gross revenue.

Commissioner Bernstein asked how much per foot the store will take in in hosiery.

Ms. Gittens responded that staff was assuming that the store can generate \$250,000 in gross revenue.

Commissioner Bernstein said that that would be almost \$800 a foot.

Mr. Turpen said the Duty Free concession is 3700 square feet.

Ms. Gittens added that Duty Free's minimum is \$1,025,000 a year. She said staff has looked at a couple of operations and felt that \$250,000 a year seemed to be a reasonable goal.

Commissioner Bernstein asked how many shops in the Airport are making their minimum, aside from food concessions, Duty Free and those who know how to merchandise.

Ms. Gittens responded that of the small stores, as indicated in previous reports, ABC Cigar and Paradies Flower were not making their minimums.

Commissioner Bernstein said it takes a pretty good store to do \$400 a foot. He said that \$400 a foot would be about \$130,000 with a \$50,000 minimum. He said there is no possible way for a concessionaire to do \$800 a foot unless they are geniuses.

Commissioner Goosby said that this is simply permission to have a pre-bid conference.

Mr. Turpen said that the Commission's concern on the minimum bid can be highlighted at the pre-bid conference and staff can return with specific reaction to that minimum bid.

Commissioner Bernstein said you can't very well rent stores without knowing how much they are supposed to do per foot. He said that in 50 years of retailing he never made more than 38 percent gross profit.

Mr. Turpen said that staff has suggested changing the market basket for price maximums on various sundry-type items for the South Terminal principal concessionaire. He said the present market basket involves major hotels and other airports. He suggested that if we are trying to control prices perhaps we should pick an alternate market basket for at least a selection of merchandise and require that as part of the lease.

Commissioner Goosby said the Commission should look at the whole picture to determine if it will decrease our revenue and how much less the City will receive for the general fund.

8. Lease of Crab and Seafood Kiosks - Authorization of Pre-Bid Conference

No. 85-0022

Resolution approving leasehold specifications and authorizing Director to hold a Pre-Bid Conference for the lease of crab and seafood kiosks in the North Terminal.

9. Lease of a "Forget-Me-Not" Shop - Authorization of Pre-Bid Conference

No. 85-0023

Resolution approving leasehold specifications and authorizing Director to hold a Pre-Bid Conference for the lease of "Forget-Me-Not" Shop, selling candy, flowers and greeting cards in the North Terminal.

10. Lease of Sunglasses Kiosk - Authorization of Pre-Bid Conference

No. 85-0024

Resolution approving leasehold specifications and authorizing Director to hold Pre-Bid Conference for the lease of sunglasses kiosks in the North Terminal.

11. Bid Call: Construction of Glass Windscreens at Eight Entrances of the International Terminal and Connectors

No. 85-0025

Resolution authorizing bid call for windscreens which are required to prevent outside air from entering the public lobbies and the airlines' check-in areas.

12. Award or Rejection of Contract No. 1613, Alcove Remodel First Floor, International Terminal

No. 85-0026

Resolution awarding or rejecting the bid for Contract No. 1613.

Mr. Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, explained that this is a small alteration job for concessions down in the meeter/greeter area in the International Terminal.

Mr. Bouey recommended approval. He said that staff sent the specifications to eight building exchanges and made follow up phone calls to 26 contractors. Only one bid was received. That bid was \$3000 over the budget. Staff feels that if the bid is rejected there is no indication that additional bids will be received the next time and this bid might very likely be higher.

Commissioner Tsougarakis asked why there was one bid since calls were made.

Mr. Bouey responded that the overwhelming response has been that the profit margin on a job of this type is so small that companies don't want to waste the time. They feel that a minority-owned or woman-owned business will come in and get the preference.

Commissioner Goosby asked if Echo West is a minority firm.

Mr. Bouey responded that it is not.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

13. Approval of Amendment No. 2 to Agreement of Sub-sublease between American Airlines, Inc. and Pacific Southwest Airlines.

No. 85-0027

Resolution approving Amendment No. 2 to the Sub-sublease of a portion of American's Superbay Hangar space and ramp areas from American Airlines, Inc. by Pacific Southwest Airlines.

14. Approval of Amendment No. 2 to Agreement of Sub-sublease between American Airlines, Inc., and Trans World Airlines, Inc.

No. 85-0028

Resolution approving Amendment No. 2 to the Sub-sublease of a portion of American's Superbay Hangar space and ramp areas from American Airlines, Inc., by Trans World Airlines.

15. Bid Call - Airport Contract No. 1250G
Pavement Grooving, R/W 19L, North End

No. 85-0029

Resolution approving the scope, budget and schedule for Airport Contract No. 1250G and authorizing the Director of Airports to call for bids when ready. The purpose of the contract is to groove the pavement of the north end of Runway 19L. Contract time is 30 calendar days.

16. Rejection of Bids and Authorization to Rebid Contract No. 1325
Maintenance Facility Improvements, Auto Maintenance Shop

No. 85-0030

Resolution rejecting all bids for Contract No. 1325 and authorizing the Director of Airports to readvertise and call for bids when ready. The low bid is substantially above the construction budget.

17. Tenant Improvement: TWA Ambassador Club (T-2906)

No. 85-0031

Remodeling of TWA's Ambassador Club (VIP Room) on Boarding Area B, \$325,000. No cost to Airport.

18. Statistical Adjustments for 1984-85 Joint Use Billings under Lease and Use Agreement

No. 85-0032

Resolution adjusting 1984-85 Joint Use Billings pursuant to Section 101.W of the Airline Airport Lease and Use Agreement for Pacific Western Airlines Ltd.

19. Request for Approval of Travel/Training for Airports Commission Representatives

No. 84-0033

20. Settlement of Claims Not Exceeding \$2,500.00.

No. 85-0034

Resolution approving the action of the Director of the Airports, with the approval of the City Attorney, in the settlement and compromise of claims not exceeding \$2,500.00. Total - \$2,118.57.

H. PUBLIC HEARING:

21. Amendment to Rules of Order:

Resolution amending Rule 7 of Airports
Commission's Rules of Order to change
time of regular meetings from
2:00 P.M. to 9:00 A.M.

Mr. Turpen explained that this was a public hearing on an amendment to the Rules of Order changing the time of Airports Commission meetings from 2:00 PM to 9:00 AM on the first and third Tuesdays of each month.

There was no public testimony.

A resolution will be brought back to the Commission for adoption at the next meeting.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

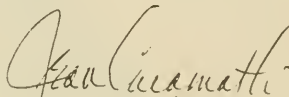
J. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:35 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



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MINUTES

Special Meeting

February 11, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

**San Francisco International Airport
San Francisco, California 94128**

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Airports Commission

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Airports Commission

Minutes
of the

Special Meeting
February 11, 1985

A. CALL TO ORDER:

The special meeting of the Airports Commission was called to order at 9:00 A.M. in Room 2C, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Commissioners Morris Bernstein,
William K. Coblentz, J. Edward
Fleishell, Athena Tsougarakis

Commissioner Z. L. Goosby arrived
at 9:05 a.m.

* * *

C. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 85-0035 regarding the settlement of litigated claims at the Closed Session of February 5, 1985.

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was adopted by a 4-1 vote with Commissioner Bernstein casting the dissenting vote.

1. Airport Contract No. 1410A-1:
Carpeting for South Terminal Complex
Rejection of All Bids

No. 85-0036

Commissioner Bernstein asked Mr. Don Featherstun, attorney for Monroe Schneider, if he wished to address the Commission.

Mr. Featherstun thanked the Commission and apologized for having created the problem. He told the Commission that he felt he has presented enough legal evidence to contradict the City Attorney's opinion and that the Commission had the discretion to accept the bid. He said that no competitive advantage existed for Monroe Schneider Associates; they are bound to their bid.

Mr. Featherstun said they were concerned that the Airport would be creating a loophole for bidders. He strongly urged the Commission to accept their bid.

Mr. Terry Schneider, Monroe Schneider, thanked the Commission for its time and patience. He said that there is no question of his company's intent based on the fact that his signature appears three different times on the proposal.

Mr. Schneider said he did not think that any contractor would want to see a re-bid situation become the rule rather than the exception. He felt that the Commission has discretion to avoid re-bid situations.

Commissioner Tsougarakis asked Commissioners Coblentz and Fleishell for their opinions.

Commissioner Fleishell said he has read the briefs. He said it was clear, under contract law, that you can have a binding offer without the necessity of a signature. He said he proposed to a representative of Monroe Schneider that he would be inclined to overrule the staff if he was assured they would enter into a hold harmless agreement. He said they told him they were willing to comply with that stipulation. Commissioner Fleishell said he subsequently checked with the City Attorney and was advised that such an agreement would be contrary to public policy. He concluded that he will have to vote to reject all bids.

Commissioner Fleishell said the Commission and staff has done everything to encourage vigorous bidding of Airport contracts and overcome the view in some circles that certain bidders always get the bid.

Commissioner Coblentz said if he were the judge hearing this case his opinion would be in favor of Schneider and Associates but he must follow his attorney's advice. He said he would not want to appear in court represented by his attorney who had given advice which he did not follow. He, too, felt that all bids must be rejected.

Mr. Bob Plann, American Contract, asked why all other bids were being rejected because of one bid.

Commissioner Coblentz responded that the Commission had a responsibility to get the best deal they can for the Airport. He said there was a \$600,000 difference between Schneider and the next bid and the Commission would be remiss in their duties and obligations if they went to the next bid. Commissioner Coblentz said the Commission does have that discretion but in the best interest of the City all bids should be rejected.

Mr. Plann said that the bids show a \$100,000 difference between Schneider and the next bidder because the City has the right to choose from five different products.

Commissioner Coblentz said that staff looked at the quality of carpets and it was their opinion that Mr. Schneider offered a better quality carpet. Commissioner Coblentz said that even \$100,000 was sufficient reason to reject all bids.

Mr. Plann asked if it will be the policy to reject all bids the next time a bidder fails to submit a signature.

Commissioner Fleishell responded that this will not be an established policy in every situation. In this instance there are 600,000 reasons why the bids are being rejected.

Mr. Plann argued that a lower bidder could purposely omit the signature to protect himself, or, if a bidder is too high, he would have the opportunity to see all the other bids.

Commissioner Goosby said that bidding can become very political and prone to misuse. The directions clearly state that the page in question must be signed. The Commission has turned down bids in the past for failure to follow the directions. He felt that any time those directions are not followed the safest course of action is to consider automatic rejection unless the result would be to the detriment of the City. Commissioner Goosby said the Commission is not prepared to play games with the bids.

Mr. Plann said that he would rather see Schneider's bid accepted rather than reject all bids. He said it is detrimental to all bidders to have their numbers exposed.

Mr. Schneider wanted to publicly thank Mr. Plann as one of their finest competitors. He said they are responsible and honest and he wished they had more competitors like them. Mr. Schneider felt that the position the Commission is taking will do tremendous harm to the bidding process.

Commissioner Bernstein said that some time ago Commissioner Fleishell suggested the Airport use bifurcated bidding and asked why that system was not being used.

Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, responded that bifurcated bidding was used but unfortunately the signature page comes in the second envelope with the numbers. The first envelope contains Human Rights Commission forms.

Mr. Turpen said staff can only go so far to help the bidder succeed. The fact is the bidder did not include the signature page. Everytime there is some error or omission we will be faced with the same situation. He said the Airport repeatedly bids contracts and in his view the staff did everything in its power to ensure a good bid. He did not agree that staff has any responsibility for the fact that this bidder did not sign or include the page.

Mr. Turpen said the City Attorney has recommended we reject all bids. He said he is prepared to follow the City Attorney's advice. He said in no way does he see this omission as a failure of Airport procedures.

Mr. Yuen added that in the 15 years he has been with the Airport this is the first time the signature page has been omitted.

* * *


F. CLOSED SESSION:

There was no closed session.

* * *

G. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:25 A.M.


Jean Caramatti
Commission Secretary

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Special Meeting
February 19, 1985

DIANNE FEINSTEIN, MAYOR

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WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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Airports Commission

Minutes
of the

Special Meeting
February 19, 1985

A. CALL TO ORDER:

The special meeting of the Airports Commission was called to order at 9:00 A.M. in Room 2C, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Commissioners Morris Bernstein,
Z. L. Goosby, J. Edward Fleishell,
Athena Tsougarakis

Absent: Commissioner William K. Coblentz

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 22, 1985 were adopted by order of the Commission President.

No. 85-0037

* * *

D. SPECIAL ITEM:

The following item was unanimously adopted.

1. Retirement Resolution for Walter D. Farmer

No. 85-0059 Resolution expressing best wishes for
the fullest measure of health,
happiness and fruitful retirement to
Walter D. Farmer.

* * *

E. DIRECTOR'S REPORTS:

2. Report on the Condition of Employee Parking Lots "CC" and "D".

Mr. Turpen said the report was self explanatory and that the Commission will vote on the increase later on in the meeting.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

3. Airport Parking Operating Agreement Specifications.

No. 85-0038

Resolution to approve a draft of the Airport Parking Operating Agreement and to authorize staff to hold a pre-bid conference.

Mr. Turpen said he would like permission to proceed with a pre-bid conference for the Airport garage management contract. He said he will return to the Commission with a detailed report on the response of potential bidders on the lease specifications.

Commissioner Fleishell asked that Commissioner Coblenz' suggestion be worded so that any error in accounting would be a basis for terminating the contract.

Mr. Turpen responded that at this point the concept would be that audit discrepancies would result in substantial non-compliance. He said that although the wording has not yet been perfected he wanted to alert the Commission and said staff would forward the language to them when it was ready.

Commissioner Fleishell said that in a standard contract normally the percentage would be 2 or 3 percent.

Mr. Turpen said he would be happy to send the language on this specific suggestion to the Commission between now and the pre-bid conference so that the Commission members can individually respond.

4. Master Concession Lease for Retail Sales in the South Terminal

No. 85-0039

Resolution approving the lease specifications and authorization to hold a pre-bid conference for the Master Concession Lease and Agreement for Retail Merchandising Sales in the South Terminal Building.

Mr. Turpen said that this item was a request for approval to hold a pre-bid conference and details a principal concession approach to the South Terminal complex. He said staff is present to respond to any specific questions and will return to the Commission with reactions to the pre-bid conference.

Commissioner Tsougarakis asked if the master concession was something new at the Airport.

Mr. Turpen responded that the principal concession was first utilized in the International Terminal and is a new concept in retailing. Mr. Turpen said that this concept is being used at some other airports but not as successfully as it is being used at SFO. He said that the FAA is currently using our program as a model for other airports. Mr. Turpen said that the principal concessionaire concept meant that one person is responsible for developing all the concession activities in that terminal. This not only includes being responsible for minority and small business involvement but developing, fixturing and finishing the interiors, as well. That person is responsible for putting in the product, hiring the personnel and in many cases subletting to minority entrepreneurs; in short, putting the entire concession into operation.

Mr. Turpen said the Airport has been successful in this regard in terms of the quality, responsibility and financial benefits.

Commissioner Goosby added that the principal concessionaire program has enhanced minority participation. He said that although minorities were encouraged and helped to bid, they never had the wherewithall or the sophistication to bid low enough to get a concession. The principal concession approach was used to try to solve the problem in requiring the successful bidder to offer 25-30 percent to women, local business and minority entrepreneurs. Commissioner Goosby said the concept has been successful to some extent in the Central Terminal and the Hub in the North Terminal and he would go along with staff's recommendation to try it in the South Terminal.

Commissioner Goosby said that women and minorities hold 30 percent of concession space in the Central Terminal but do only 10 percent of the business and asked if there was any way to correct those figures. The Commission had the option of percentage of revenue versus percentage of space.

Mr. Turpen responded that Commissioner Goosby's statement on the Central Terminal was correct but the North Terminal has had better success. He said that due to the nature of the space and layout of the South Terminal staff would like to try to establish some of the minority concessionaires in independent space, giving them the opportunity to operate independently instead of operating as part of a store complex.

Commissioner Bernstein asked why we are tampering with the principal concessionaire concept if it has been so successful.

Mr. Turpen responded that the concept is successful, but some areas, especially in percentage of revenue contribution versus percentage of space, could be improved upon and that is what staff is attempting to do. One of the initial thrusts of the principal concessionaire concept was to try and open up some minority and small business opportunities as well as ensure uniformity in quality and maximize Airport revenues. He said that the principal concessionaire satisfied those goals. He felt that in view of the Central Terminal experience staff would like to try a new approach in the South Terminal which might solve the problem of percentage of revenue versus the percentage of space. He said he did not know whether the problem is a function of product or whether it is a function of the way it was set up but he hoped the new approach will be more successful.

Mr. Turpen said he will come back to the Commission with comments made at the pre-bid conference as well as staff's reactions to those comments.

Mr. Turpen added that aside from the pre-bid conference the resolution also authorizes the assignment of the existing Soaps and Lotions Cart lease.

5. Increase in Employee Parking Fees

No. 85-0040

Resolution authorizing increases in employee parking fees in Lot D and the garage.

6. Rebidding of the Parking Revenue Control Equipment

No. 85-0041

Resolution approving the contract specifications and authorizing a pre-bid conference on the installation of a fully automatic on-line parking revenue control system.

Mr. Turpen said that staff is recommending a two-phase approach and they believe they can modify the agreement and move forward fairly quickly.

Mr. Turpen asked Sheldon Fein, Landside Operations, to brief the Commission.

Mr. Fein said that they have held several meetings with bonding companies and received a letter this morning from the Fidelity Deposit Company of Maryland. Mr. Fein quoted from that letter: "In order to satisfy its obligation under the performance bond, Fidelity Deposit Company stands ready to reimburse the City and County of San Francisco up to the bond penalty of \$1.2-million for reasonable and necessary costs incurred in completing Autoscan's contract upon exhaustion of contract funds."

Mr. Fein said that in addition to the letter they indicated that they will work closely with their counsel to expedite the beginning of or

obtain a new contract. Any additional costs incurred will be covered by the bonding company.

Commissioner Goosby asked if the company has tried to litigate.

Mr. Fein responded not as of this date.

Mr. Turpen felt it was important to move forward as soon as possible especially in view of the rebidding of the contract.

Commissioner Bernstein felt staff should be able to learn something from the types of controls in place in the Union Square Garage and others.

Mr. Fein responded that the type of equipment those facilities have is semi-automated. He said that the ticket is processed a little faster but they do not have overnight parking. The system they have is good for short-term but they do not have the problems that we have with revenue control when cars park in the facility for several weeks or a month. He said that their systems are also much slower in processing than an on-line system.

Commissioner Bernstein asked if it would be possible for the City to adopt one type of control for all garages.

Mr. Fein said that the Airport has some 17,000 transactions per day so the processing time is very critical to the number of cashiers we have. The Airport has about 160 employees in the garage and it currently takes 22-23 seconds to process a card versus the 15 seconds it will take with the new system. The other garages may only have two cashiers on at any one time and will not save that much by processing the cards faster.

Mr. Turpen said that one day over the Christmas holiday the garage processed over 27,000 cards.

Mr. Fein added that this system will give us automatic counts.

The following item was put over.

7. Lease Modifications - Skyline Candy

Resolution approving modification of
lease for SKYline Candy and Gifts, Inc.

Mr. Turpen said that this resolution would extend the lease of Skyline Candy and Gifts in the Central Terminal through 1991. The extension would be in exchange for relinquishing their exclusive rights in the South Terminal so that the Airport could pursue a principal concessionaire concept.

Commissioner Fleishell said that there was an initial 10-year lease with two, five-year options, both of which have been exercised. He said that the lease is being extended without competitive bid because there is a claim against the Airport. He said he was not certain that this was the proper way to handle the situation. Commissioner Fleishell felt this could result in serious problems. He asked that the item be put over and that Mr. Agnost, the City Attorney, give it his personal attention.

Commissioner Tsougarakis asked about Skyline's performance.

Commissioner Fleishell responded that he heard it is excellent and is one of the Airport's finer tenants. He said that if this is to be done, and apparently it should, then it should be done under a permit system.

Mr. Turpen said the item will be put over and the legal and performance questions will be addressed.

The following items were unanimously adopted.

8. Approval of Budget for Professional Services Contract, O'Brien-Kreitzberg & Associates, Inc.
Contract Amendment No. 6 - \$810,000.00

No. 85-0042 Resolution approving budget of \$810,000 for 12-month period commencing March 15, 1985, for professional services contract between City and O'Brien-Kreitzberg & Associates, Inc., Consultant, to continue to provide scheduling, cost control, inspection, and monitoring services, and to provide personnel and equipment resources in the management of the Airport's Terminal Construction Program.

9. Contract 1414AB, Boarding Area B, Type II Contract Modification for Interim Tenant Work - \$342,208

No. 85-0043 Contract modification to provide temporary cooling tower for tenant areas, installation of interim communication cable raceways for airlines, relocation of existing TWA fuel pit and underground piping.

Commissioner Tsougarakis asked how much was left in contingency funds.

Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, responded that this contract is roughly \$200-million and typically 7-1/2 percent of the total construction contract cost is set aside.

10. Rejection of Bids and Authorization to Rebid
Contract No. 1521R, Garage Signing - Electronic Display Units

No. 85-0044 Resolution rejecting all bids for Contract No. 1521R and authorizing the Director of Airports to readvertise and call for bids when ready.

Commissioner Tsougarakis asked how the \$110,000 was determined.

Mr. Yuen responded that Airport engineers do an estimate to try to determine the costs. In addition, staff uses labor rate books and estimates from contractors. He said that this estimate was done some time ago because of the Democratic Convention.

Commissioner Tsougarakis asked if there were any consequences in rejecting the bid.

Mr. Turpen responded that these were simply remote control signs to be installed in the garage directing autos to cashiers.

11. Award of Airport Contract No. 823
Field Lighting Building No. 2

No. 84-0045

Resolution awarding Contract No. 823 to Stacy and Witbeck, Inc., and West Bay Contractors-Engineers, Inc., a joint venture in the amount of \$1,754,400.

Five bids were received on January 10, 1985, ranging from \$1,754,400 to \$1,854,000.

12. Award of Contract to Pacific Bell for Relocation of Telephone Cables within the South Terminal Complex - \$50,000

No. 85-0046

Resolution awarding contract for cable relocation which is a part of the renovation work for the South Terminal Complex.

13. 5267 Assistant Airport Noise Abatement Officer

No. 85-0047

Resolution requesting the Mayor and Board of Supervisors to grant a supplemental appropriation to fund the salary schedule assigned to a new classification, Class 5267 Assistant Airport Noise Abatement Officer.

Budgeted at (\$1506BW-\$1506BW,) the salary schedule will be set at (\$1401BW-\$1698BW.) The cost increase of \$6,234.00 will be covered by transferring funds within the Airport's Noise Monitoring Programmatic Budget.

Mr. Turpen stated that the Commission approved this some time ago and a supplemental appropriation is now needed in order to get this position filled.

Mr. Turpen explained he wanted to hire an assistant noise abatement officer so that in the event our current noise abatement officer left the assistant could fill the position and then the assistant's position could be eliminated.

Commissioner Fleishell added that it is important to the people in communities surrounding the Airport to have such a position.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

14. Amendment of Rules of Order

No. 85-0048	Resolution amending Rule 7 of Airports Commission's Rules of Order to change time of regular meetings from 2:00 P.M. to 9:00 A.M.
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Mr. Turpen said that the new meeting time will become effective on March 5, 1985.

15. Authorization to Transfer \$100,000 to the Art Commission for Award of Contract to Charles Ross for the Skylight Prism Sculpture at Boarding Area B, South Terminal Complex

No. 85-0049

16. Rental Credit for Western Air Lines, Inc.

No. 85-0050	Resolution approving rental credit for Western Air Lines, Inc. for Airport engineering and design work performed by Western's contractors for apron improvements.
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17. Design Review Approval - North Terminal Shoeshine Stands

No. 85-0051	Resolution approving the schematic design of the North Terminal Shoeshine Stands.
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18. Design Review Approval - Avis Rental Return Lobby Expansion

No. 85-0052	Resolution approving the schematic design of the lobby expansion of the Avis rental return building.
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19. Contracts 1410ABCD, 1410EF, and 1414AB, South Terminal Modernization Projects, Type 11 Contract Modification for Improvements to Fire Alarm System - \$97,079.00

No. 85-0053	Contract modification for adding 16 local fire alarm panels to provide monitoring and resetting capabilities. This upgrade will speed the firefighters' response and enhance the reliability and maintainability of the system.
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20. Modification of Lease and Use Agreement - Continental Airlines, Inc.
- No. 85-0054 Resolution modifying Continental Airlines, Inc. Lease and Use Agreement #82-0316 between Airport and Continental and further settling pending bankruptcy claims.
21. Modification of Lease & Use Agreement for Republic Airlines West, Inc.
- No. 85-0055 Resolution modifying Republic Airlines West, Inc. Lease and Use Agreement #82-0123 between Airport and Republic.
22. Modification of Lease and Use Agreement - Pacific Southwest Airlines
- No. 85-0056 Resolution modifying Pacific Southwest Airlines Lease and Use Agreement #82-0120 between Airport and Pacific Southwest Airlines.
23. Report on the SCR-74 Study
- Report summarizing the status of the SCR-74 study that is looking into long-range transit improvements on the Peninsula being conducted by the Metropolitan Transportation Commission.
24. Weather Service Installation of Weather Sensing Instruments at San Francisco International Airport
- No. 85-0057 Resolution approving plans of the Federal Weather Service to install instruments on Airport airfield under a federal demonstration project. T-2947 - \$250,000.
25. Request for Approval of Travel/Training for Airports Commission Representatives
- No. 85-0058

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

The following item was re-introduced.

15. Authorization to Transfer \$100,000 to the Art Commission for Award of Contract to Charles Ross for the Skylight Prism Sculpture at Boarding Area B, South Terminal Complex

Commissioner Bernstein asked if this item was introduced once before.

Mr. Yuen responded that the Commission approved the transfer back in April, 1984, but the artist refused to sign the contract because he did not want to do the installation due to the construction that was going on at that time. The Commission then rescinded their approval. The artist ultimately signed the contract and that is why it is back before the Commission for approval.

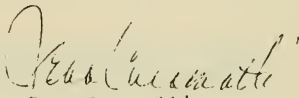
Commissioner Bernstein asked how they arrived at the \$100,000.

Ms. Regina Almaguer, Art Commission representative, responded that the pricing is based on equivalent types of art and the going rate in the market. She said that the \$100,000 also includes installation and insurance.

* * *

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:55 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

MARCH 5, 1985

and

MARCH 7, 1985

DOCUMENTS DEPT.

JUN 17 1985

THOMAS L. BROWN

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

March 5, 1985
and
March 7, 1985

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Minutes
of the
Airports Commission Meeting

March 5, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Commissioners Morris Bernstein,
William K. Coblentz,
Z. L. Goosby,
Edward Fleishell,
Athena Tsougarakis

Commissioner Fleishell was excused from participating in the discussion of Item 2 and left the meeting when that item was called.

Commissioner Goosby left the meeting at 11:10 A.M.

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meetings of February 5 and February 11, 1985 were adopted by order of the Commission President.

No. 85-0060

No. 85-0061

* * *

A court reporter's transcript covering the morning and evening sessions of the March 5 meeting and the reconvened meeting of March 7, 1985 is on file in the Commission Secretary's office.

D. DIRECTOR'S REPORTS:

1. Valet Parking - January to December, 1984

Report covering the calendar year 1984
on Valet Parking service as requested
by Commission.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was discussed at the morning and evening sessions of March 5, 1985. The evening session recessed at 7:30 P.M. and reconvened at 8:00 A.M. on March 7, 1985. Action on this item was put over to the meeting of March 19, 1985.

2. Airport Motor Coach Service Agreement - Authorization to Bid

Resolution approving contract
documents for Airport Motor Coach
Service Agreement and authorization to
bid.

The following item was unanimously adopted as amended.

3. Authorization to Receive Bids for the Lease of Sunglasses Retail Operation

No. 85-0062

Resolution approving leasehold
specifications and authorizing
Director to receive bids for the lease
of Sunglasses Retail Operation in the
North Terminal.

The following items were unanimously adopted.

4. Modification to Professional Services Contract: Cerand and Company

No. 85-0063

Resolution to appropriate new funding
to Cerand and Company for professional
services to be rendered during rebid
of Computerized Parking Control System
contract.

5. Modification to Professional Services Agreement with Orrick,
Herrington and Sutcliffe

No. 85-0064

Resolution authorizing a modification
to the agreement with Orrick,
Herrington and Sutcliffe to provide
for interim legal advice

6. Award of Contract No. 1474R
Demolition of Old Shuttle Bus Maintenance Building and Site
Improvements

No. 85-0065

Resolution awarding Contract No. 1474R
to Anderson Constructors, Inc., in the
amount of \$248,000, base bid only.

Two bids were received on January 11,
1985 ranging from \$248,000 to \$250,950.

7. Shearwater Development Project

No. 85-0066

Resolution authorizing the Director of
Airports to take necessary action to
oppose the construction of 350
residential units in the area under
the flight path of the shoreline
departure.

8. Staff Commendation for Aviation Safety Institute Award

No. 85-0067

Resolution commending Airport staff
for their efforts in receiving the
Aviation Safety Institute Award in
Perpetuity.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

9. Status Report on the San Francisco Garter Snake

Report covering field activities for
the July 1 through October 30, 1984
period - the San Francisco Garter
Snake study. Also, an up-date is
given on the study extension granted
by the Airports Commission.

The following items were unanimously adopted.

10. Tenant Improvement:

Western Airlines Flight Information Display
T-2951

No. 85-0068

Installation of a new flight
information display system in the
South Terminal by Western Airlines,
\$20,000. No Cost to Airport.

11. Tenant Improvement:

Western Airlines Inbound Baggage System
T-2941

No. 85-0069

Installation of a new inbound baggage
conveyor system in the South Terminal
by Western Airlines, \$100,000. No
cost to the Airport.

12. Tenant Improvement:

Air Cal Facilities Renovation
\$45,000 - No Rental Credit - T-2939

No. 85-0070

13. Airport Contract No. 1336 - Contract Modification
Emergency Airfield Pavement Repairs - FY 1983-84

No. 85-0071

Resolution approving a modification of
contract extending the completion date
from March 31, 1985 to September 30,
1985, at no additional cost to the
City.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

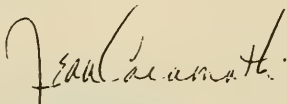
J. CLOSED SESSION:

There was no closed session at the March 5, 1985 morning or evening session.

* * *

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

The March 5, 1985 meeting recessed at 11:20 A.M. and reconvened at 5:00 P.M. that evening. That session recessed at 7:20 P.M. and reconvened at 8:00 A.M. on March 7, 1985. There being no further calendared business before the Commission the March 7 meeting adjourned at 9:15 A.M. to go into closed session.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



DOCUMENT

MAY - 6 1985

1985-05-06

MINUTES

MARCH 19, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

March 19, 1985

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Minutes
of the
Airports Commission Meeting

March 19, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

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B. ROLL CALL:

Present: Commissioners Morris Bernstein,
William K. Coblentz,
Z. L. Goosby,
J. Edward Fleishell,
Athena Tsougarakis

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C. ADOPTION OF MINUTES:

The Minutes of the special meeting of February 19, 1985 were adopted by order of the Commission President.

No. 85-0074

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D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution Nos. 85-0072 and 85-0073 regarding the settlement of litigated claims at the Closed Session of March 7, 1985.

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L. CLOSED SESSION:

The meeting adjourned to go into closed session at 9:05 a.m. and reconvened at 9:25 a.m.

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H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was called out of order and unanimously adopted.

4. Award of Contract 1410A-1,
South Terminal Complex Carpet

No. 85-0075

Resolution awarding Contract 1410A-1, South Terminal Complex Carpet to Monroe Schneider Associates for furnishing and installing Mohawk carpeting at the base bid price of \$1,213,892, plus Alternates 1.1, 1.2, and 2 at \$375,945, for a total of \$1,589,837.

Three contractors submitted ten bids on five approved carpets on February 17, 1985. Bid tabulations are available from the Bureau of Planning & Construction.

Mr. Bob Plann of American Contract said he received the test results of the carpets and found some flaws in the test data.

Mr. Plann said that there was a total of 800 possible points that could be awarded to a carpet and American Contract was awarded 600 points on hard, objective raw data. That data came from Williams & Williams, the Airport's testing company. Two-hundred points were for esthetic evaluation. He said the specifications for the carpet being tested called for a 15 pound tuft bind. In reviewing the data, Mr. Williams was apparently told by Airport staff to test on a 20 pound tuft bind. Tuft bind is strength needed to pull out a tufted carpet. He said the specifications clearly read 15 pounds so both Lees and Karastan were evaluated improperly; they should have been given full consideration of points. Mr. Plann said that staff is therefore recommending that out of five carpets tested on hard, objective raw data the Airport buy the fourth performing carpet. He said that the issue, when you look at the point total, is the esthetic evaluation of the carpet. Mr. Plann said that he was told that the evaluation was done by Howard Friedman. The samples produced by the various manufacturers were done on the per se need of five various architectural firms, also hired by the Airport. He complained that no one ever said to the manufacturers that this is what we will consider to be a 200 point carpet. He said that every carpet mill can alter the texture, appearance and color of a carpet. When the carpets were judged on esthetics Lees was given 100 points out of a possible 200, and Mohawk was given 180 points. He said that staff is recommending a carpet that he does not think is going to perform on the floor.

Mr. Plann, reading from Mr. Williams report said that the weak characteristic in the Mohawk carpet is pile crush. Mr. Plann said that he did not consider that a weak characteristic, but a major flaw of the carpet. He said that a carpet that crushes is what makes it look old and used. He said that Mr. Friedman liked the texture, so he rated the carpet very high on texture. Mr. Plann said that U.S. Testing Laboratories considered Mohawk marginal in color fastness. He felt that although esthetics is an issue it is not a prime issue and the hard raw data should be one of the major factors in selecting a carpet.

Mr. Plann, reading from a letter written by Jason Yuen in response to their protest, said the Airports decision was based on obtaining the best value considering the cost, esthetics, ease of maintenance and other performance standards. Mr. Plann felt that "other performance standards" was not the last issue but the first issue. He felt that the data should be re-evaluated. As the low bidder, he is prepared to put a \$2 million bond on the carpet, as requested by the City, to guarantee its performance. Lees is prepared to give an additional \$2 million to the City. DuPont is prepared to give it a 10-year wear guarantee.

Mr. Plann concluded by saying that he felt that Mohawk would be a bad business decision and hoped the Commission would give his comments some consideration.

Commissioner Bernstein asked Ms. Jan Stephens of Karastan Rug Mills to speak.

Ms. Stephens said that in all of the amendments they received from the Airports Commission there was never any change to a 20 pound tuft bind, and they were graded down because of this. Karastan exceeded the minimum of 15 pounds and felt they should receive full points on that.

Ms. Stephens said she has personally been involved with the architects that the committee has worked with in the last two years and Karastan has personally made approximately \$12,000 worth of samples and developed the design and the texture that was decided upon. In October of 1983 Lee, Karastan and Bigelow were asked to come up with a type of carpet that at least two of the manufacturers could make. They all agreed upon this type of a texture, eliminating a proprietary specification. She said that Mohawk came in at the very end when samples were being submitted for final testing with a carpet that they said was a woven construction but was, in fact, a knitted construction.

Ms. Stephens said they were told by the Master Architect's office that esthetics and testing would be a primary consideration and pricing would be the last consideration. She said that Karastan worked on those priorities and if they had been told at the outset that pricing would be an issue they might have changed their approach in how they priced the carpet and handled it. She said that Karastan had the best performance in the esthetics portion of the testing. Ms. Stephens felt that Karastan would wear well and hopefully eliminate the type of problems found in the Central Terminal.

Mr. Yuen, responding to Ms. Stephens' comments, said that 15 pounds is a minimum tuft bind requirement that manufacturers were asked to come up with. It was not changed from 15 to 20. The test results indicated that when 20 was reached the maximum points were given; additional points were not given for anything above 20. Several of the carpets did not meet 20 and were accepted. Mr. Yuen added that the specifications given to the manufacturer are simply minimum guidelines.

Mr. Yuen corrected some of the points made by Mr. Plann. Mr. Plann said that of the possible 800 points 200 points were for esthetics. Mr. Yuen said that there was a possible 1000 points and 20 percent or 200 points were for esthetics. He pointed out that even if the tuft bind scoring and the esthetics scoring were tossed out, Monroe Schneider with the Mohawk carpet would still be the best value for the Airport.

Mr. Yuen said that from the very beginning the specifications and the invitations to bid mentioned in several places that the Airport was not interested in the least expensive carpet but the best value for the Airport considering the cost, the wearability, the ease of maintenance, and other performance standards. Bidders knew all along that we were not going to award to the low bidder. He also reminded the Commission that in 1978 a contract was awarded to American Contract for Lees carpet and they were second-low bidder. Monroe Schneider with Bigelow was the low bidder that time and there was no protest made then.

Commissioner Goosby asked if guidelines for esthetics were provided by staff.

Mr. Yuen responded that staff gave very general guidelines because each manufacturer has different mills and they can not produce exactly the same carpet. He said he had samples of the carpets with him. Mr. Yuen said the esthetics were judged by Howard Friedman, the Airport maintenance staff, the architects and other Airport staff members.

Commissioner Bernstein asked if Howard Friedman concurred with the findings.

Mr. Yuen responded that he did.

Commissioner Fleishell asked if staff was satisfied with the selected carpet.

Mr. Yuen assured Commissioner Fleishell that the staff was satisfied with the selected carpet. He added that this carpet does crush a little bit more than Lees carpet but there are other factors such as wearability and cleanability that are very important. He said that Mr. Plann counted only the weak factors. Mr Yuen said that shrinkability was a weak factor of Lees carpet. He said that the best carpet as far as the crushability factor costs \$400,000 more. Staff feels that it is not worth \$400,000 to have a little bit less crush in the carpet.

Commissioner Goosby asked Mr. Yuen to leave the carpet samples out so that they could be inspected after the meeting.

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E. SPECIAL ITEM:

The following is a verbatim transcript taken from the tape of the March 19, 1985 Airports Commission meeting. This item was unanimously adopted as amended. Commissioner Fleishell abstained from voting on this item in accordance with a Commission action at the March 5, 1985 meeting.

The following bus company representatives were present for this item:

Mr. Stephan Leonoudakis, SFO Airporter
Mr. A. Werbe, Gray Line
Mr. T. Ruiz, Lorries
A representative of Greyhound
Mr. Aric Scharabi

1. Airport Motor Coach Service Agreement - Authorization to Bid

No. 85-0092

Resolution approving contract documents for Airport Motor Coach Service Agreement and authorization to bid.

Mr. Turpen, Director of Airports: The public testimony is closed on this matter.

Commissioner Coblenz: Yes. Mr. Turpen has some answers to statements that had been made at the last meeting.

Mr. Turpen: I do Commissioner. I would like the opportunity to briefly respond to what I feel are some of the key points, after which staff and I will be prepared to respond to any questions the Commission has.

I would like to start off by saying that these are sound specifications. They recognize and they equitably balance the Airports Commission's responsibilities to our passengers, perspective bidders, this City, its legal requirements and constraints. I think the testimony of the past would have the Commission believe that we have abandoned or chosen to ignore our responsibilities in this matter and that is simply not true. We labored over how to effectively and fairly discharge those responsibilities. We spent literally thousands of man hours putting this document together since we first began this long process several years ago.

I would like to point out what our thinking has been and to respond to five major points which were repeatedly emphasized. There were really five major points. First, the cents per deplaned passenger concept; second the number of busses; third was the prevailing wage; fourth was an exclusive purchasing preferential and the last was the question of the downtown terminal. I would like to take those in order.

The cents per deplaned passenger concept was designed to satisfy two objectives: to promote ridership and to promote auditing simplicity. In the staff philosophy Airporter is to be an inexpensive quality Airport to fixed-stop transportation alternative. It is not designed to be a custom transportation alternative. Our objective was to create a rent structure which offers an incentive to attract passengers and we believe the cents-per-deplaned passenger formula accomplishes that. Once a successful bidder reaches that minimum as defined by his bid then every other passenger attracted, 100 percent of those revenues flow to the successful operator, the operator having overcome what essentially are subcosts with respect to his bid. The Airporter is really the backbone of our mass transit concept; it is a major mass transit mover and anyone serving the Airport through the new Motor Coach Service Agreement would be a backbone element and should move a considerable number of passengers. We would like to think that it targets a market above certain very low cost alternatives which make frequent stops and some of the higher cost alternatives such as limousines and cabs. And so we start to offer to our passengers a full spectrum of transportation alternatives predicated more on price than on competing at a single price level.

As far as auditing simplicity goes, there have been some comments about the fact that we can't verify or testify to the accuracy of airline projection. There is some confusion here. By the 15th of each month we receive from the airlines an actual count of the number

of persons they carried into San Francisco. Those numbers can be used to effectively determine what rental is required and it is done independently of going to the operator and asking the operator to provide that information. We think that the percent of gross concept is less of an incentive to compete, less of an incentive to attract passengers because what you are talking about is 16.25 percent of whoever you carry. I have a few charts and I would just like to illustrate some of the points I am trying to make with this cents-per-deplaned passenger.

If we take a look at our current operation, the red line demonstrates the number of passengers over time, the green line demonstrates the fare over time and this lighter green line represents the fare as adjusted for inflation since the original time. We are talking about fares of approximately \$1.60 to \$1.70 in 1978 going to \$6.00 with a pending rate increase before the PUC of \$7.00. At the same time we are talking about a 500,000 person or 25 percent drop in ridership. At least 16 percent of that drop occurred when it went from \$4.00 to \$6.00. Is that right, Skip? That lends some credence to my argument of targeting a specific fare and targeting a certain section of the market. We see the \$2.79 figure as representative of this fare in 1985, adjusted for the inflationary factor.

What we see here, and one of our arguments is that as the price has gone up it has driven people away. For a family of three traveling from the Airport to downtown on the Airporter is currently \$18.00 with a potential to go to \$21.00. Limousines, point to point share ride, is \$21.00 for three people. Taxi, door to door share ride, is \$21.00. Mr. Ruiz was in here and indicated it was \$6.00 a person which is \$18.00 for three people with the potential to go to \$21.00. So we haven't got a range of services, but we are starting to customize services for a specific price and that, all of a sudden, leaves a very significant gap between where we were, which was \$1.65 and I think SamTrans charges \$1.15 with many stops; it's a localized service. But between that \$1.10 now and a significantly increased price we have some very serious concerns and we think that if we compete or induce the successful bidder to compete, to advertise, to go after that business, I think we will be serving the passengers well and the Airport well.

In that regard I would like you to take a look at something which I think is extremely graphic. Our current operator runs approximately, by his testimony, in excess of 160 busses a day; that is almost 2.8-million seats a year. Last year our operator carried 784,000 people from the Airport which essentially meant a 27 percent load factor on those busses. So we had 2 million empty seats leave the Airport last year, which is the equivalent of 40,000 empty busses. Those are seats which can be filled.

We think that volume is an important aspect of this. Certainly the airlines can't survive on a 27 percent load factor. There are some airlines, quite frankly, that are on the brink with a 55-60 percent load factor. We start to see that there is tremendous potential here, an unused resource which could be utilized and, if it did, it could start to help the Airport in its mass transit objectives as well as provide what we consider to be a reasonably priced quality service. We've gotten embroiled in this "first class service" concept but what we are really talking about is a quality service. A good, solid quality service at a reasonable price to our passengers.

In summary on that item, we think that if an operator can attract a market in excess of a specific number, that number being defined by the minimum cents-per-deplaned passenger bid, that we can start to induce the type of aggressive marketing necessary to fill those 2-million empty seats.

On the number of busses, once again you know people would have the Airports Commission believe that we have 12 mini-vans and that is what we are going to accept. That is simply not true. We have indicated that 12 busses is the minimum number of busses which will allow you to bid on this contract. If we go to fifteen busses we are increasing the capital cost of getting into this business by 25 percent. If we go to 24 busses we are increasing the capital cost by \$2.5 million; if you require 160 trips, we are increasing the operating cost by \$2 million a year and that is a significant minimum level. There is nothing in our specifications which prohibits any successful operator from putting on 20, 25, 15, 18, any number of busses necessary to serve the market and to attract ridership. I happen to know, at least casually, all of the people involved in this process. I know they are motivated to be successful in business. I know that they have been successful in business, and I have yet to meet Mr. Minimum Bus Company, the person who is just out there to break even, or to lose money. So, I have some faith in private enterprise and the fact that if there is a market there and if there are people waiting for your services, that you will take advantage of those opportunities.

The Airport currently has 40,000 vehicles a day enter the Airport roadway system. That is a significant number and it relates back to my earlier concepts of the Airport Motor Coach Service Agreement providing the backbone of mass transit service at the Airport. We think that the number of busses at 12 is appropriate. If the Commission has any questions after I conclude my brief remarks, Sheldon (Fein) can graphically review that with you. But, 12 busses as a minimum is entirely appropriate to serve a single fixed point in the City. We currently have four operators serving multiple-points in the City, as a matter of fact, every hotel, and many will come to your home and go to the Airport. So, there are alternate services. This agreement, like its predecessor, talks to only one fixed point.

We got any awful lot of testimony about baggage handlers. Twenty-five percent of our current operator's passengers don't have the(switch to side 2 of tape)....The driver's don't help because they have baggage handlers, so the other two busloads of people are waiting for the baggage handlers. So, when we talk about first class service we can paint that picture to our own benefit, and most certainly I can understand and appreciate why that's done. On the other hand, I think it's important for the Commission to recognize that first class service isn't necessarily having a baggage handler in one location. First class service is not requiring, as these specifications state, not requiring the passenger to handle their own bags. And further, requiring the busses not linger for inordinate periods of time in front of the terminal building.

Prevailing Wage. I am going to ask the City Attorney to comment on this one briefly. However, I would like to start by saying that on one hand the people are telling us that prevailing wage should be required for all operators, whether union or non-union, it doesn't make any difference. On the other hand, people are saying it does make a difference. We are being threatened by the Unions for litigation on prevailing wage which is really quite interesting because 21 airlines are suing us on the very same issue. These specifications recognize prevailing wage. Prevailing wage is defined, especially defined if, in fact, there is an existing labor-management or collective bargaining agreement. I would like the City Attorney to put that issue to rest once and for all.

Don Garibaldi, Airports General Counsel: I doubt if I can succeed in doing that. I can explain it.

As required by the Prevailing Wage Ordinance it is incorporated into this Agreement. The Prevailing Wage Ordinance does provide that if there is a collective bargaining agreement that covers the employees who will perform the services under this Agreement that then, in effect, the collective bargaining agreement will govern the wages of those employees. There is no requirement in the Ordinance that there be a determination of what the applicable prevailing wage will be before the contract goes out to bid. The way the Ordinance is written, and I have to comment that the Ordinance was proposed by various Union organizations in the City, it's basically their Ordinance, it requires only that upon the filing of a complaint that an existing contractor is not paying the prevailing wage that then the Civil Service Commission must undertake a survey and make a formal determination of what the applicable prevailing wage is. It is a situation that comes into play after you have awarded the contract and someone comes in and complains that the Ordinance is not being complied with.

Mr. Turpen: Just as an aside, I have before me a sheet of bus driver pay rates for San Francisco, California. There are 4 rates here which are being paid to drivers and these drivers are all represented by the same union. Those rates are \$13.50 an hour, \$10.05 an hour, \$8.13 an hour and \$7.65 an hour. The same union is representing all of these people.

Unintelligible comment from the floor.

Mr. Turpen: The fourth item is the question of exclusive versus preferential use of the facility. The current contract is an exclusive contract. The staff, for a number of reasons, initially recommended that this Agreement be preferential. By preferential we mean that we will provide exclusive areas within the terminal to have manned booths. We will provide preferential loading zones curbside, lower level at the terminal facility. But, we are not guaranteeing that we will protect this operator against competition. As the Commission is well aware we are currently in litigation over that very subject. It is impractical in today's environment with the PUC pursuing a more aggressive policy of deregulation continually to guarantee exclusivity which could be construed to require the Airport to prohibit competing routes from being established. We have no control over that. The PUC currently is providing permits for prearranged service from the Airport to a number of people. It is our feeling that by providing preferential zones, by providing exclusive locations within the terminal for this specific operator that no significant improvement in its operating can be gained by providing exclusivity and quite the contrary can cause some real problems for the Airport in terms of language in protecting that exclusivity. While it is true that the Airport can come out in a preferential and non-exclusive arrangement and bid a second Motor Coach Service Agreement, I think that there are two things that prevent that. The first, of course, is good business sense. There would be no reason to dilute or to weaken a successful operation by artificially inducing competition. Secondly, I just don't think that I am personally prepared to go through this again. I don't think I can handle a second bid of the Airport Motor Coach Service Agreement.

The last matter is the question of the downtown terminal which has been much debated. As the Airports Commission indicated at its last meeting, the Commission was willing to append, for informational purposes only, any offer which the current holder of the downtown terminal would care to make to a successful bidder. There have been a number of comments and some exchange of information in the past two

weeks since our last meeting with respect to this issue. I can not, at this time, recommend to you the inclusion of the terminal based on the information I have. I think the Commissions' course of appending it is certainly one alternative the Commission has. It was always the desire of the Airports Commission, historically, to have a centralized, consistent location for passengers coming to San Francisco in the downtown area and most certainly the Commissions' language of the unamortized cost being passed through to the next successful bidder was clear. At this point I have not been able to determine what that is and therefore can not make a recommendation in that regard to the Commission today.

Essentially those are the five areas. There is one last thing that I would like to close with. Very briefly, the chart illustrates what we are trying to accomplish. We are charged with providing the best possible service. We are charged with staying within a realm of being reasonable, prudent and staying within the zone of what the law requires. At the same time we have a public obligation to maximize the number of bidders. We could talk about ultra first class service. Ultra first class service to me is having baggage handlers sufficient to take a bag from every carousel on the Airport for every passenger on the Airport, run it out to the bus and run it from the bus to someplace else. You are not going to get any bidders if you have ultra, ultra first class service because it becomes impractical.

You can go down to a zero service level on the extreme and park a bus downtown and have everybody get on who wants to go to the Airport and hold an election to see who drives it. We might have a lot of bidders for that but certainly you would consider that a zero service level.

Someplace in between, consistent with what is practical, consistent with what the law requires and consistent with our responsibility to maximize the number of bidders we have to establish our specifications and we have established in this zone. We have maximized the service to satisfy the needs of our passengers. We have, at the same time, in our view, maximized the potential for competitive bidding and this, we think, will result in certain financial benefits for the City. And, we have stayed within an area that we feel is reasonable, prudent and certainly consistent with the applicable legal requirements of the City. That is what we have tried to do. We've tried to provide a balanced set of specifications for prospective bidders to bid on and the result being that our passengers are served properly. That has been our intent. I believe these specifications satisfy that intent and I recommend these specifications to you and ask that you allow us the opportunity to move forward. Thank you.

Commissioner Goosby: I think the Director covered a number of the points. I think that the response of the Commission to the interest and participation of the involved and concerned people in the community, employers/employees and community people, I think is important. I want to congratulate the community as I hope that this occurs with all of our City acts that there is knowledge of what is going on and that they do participate. I think that it is important that you provide your Commissioners with your point of view. I would compliment them on that.

I just had only two or three points that have bothered us a great deal about the prevailing wage, as the Director indicated. I have called and I think there have been other calls made to the Civil Service Commission; letters written back and forth; Mr. Leonoudakis has written letters back and forth which we have received copies of.

The Airport staff has tried to find out if in fact there is a prevailing wage that the Civil Service Commission could legally or justly set even within certain parameters. There is no such wage definition for an Airporter-type operation. The Civil Service Commission's bus driver wage designation, as they establish it, is for Muni which is based upon an average, by charter, throughout the nation. It is not based on a prevailing wage of the Bay Area or the San Francisco area. There is no way, because I agree with the points that were made, that it would be much more equitable if the people could start at the same starting line knowing about within what area that the prevailing wages would be and I am satisfied that this is not possible for us to legally do that. And, that there is a procedure set up under the Prevailing Wage Ordinance whereby these appeals could be made and I understand that there is some argument as to whether the City Attorney is correct in that opinion. But, we have to go with our legal opinion which sounds as though it has merit. That was probably the most important issue that we had besides the location of the terminal.

I have maintained since we first discussed this in 1979 that the City should have that terminal. I even made the suggestion that even after we had accepted the bid, that we proceed to find out if it was not possible for the City in some way to develop a downtown terminal that it would control either by lease or by sale. The Airport can't do it but there are other City departments that can do it and I think for a city this size and this sophisticated to rely upon succeeding bus companies to provide the type of terminal; those people are our responsibility until they have arrived and disbursed in San Francisco. That is the way I look upon it and I think we are abdicating that responsibility when we leave it up to the bus company to provide whatever type of convenience that they can within certain guidelines. I just think that we eliminate that possibility in future arguments over this that the City would go ahead and develop some type of structure. I maintained it then and I maintain it now. Short of that I think that the resolutions that we passed in September, 1979 gives the clear indication that we have the commitment to include that into the specifications and I think the Commission is going to try to take some action on that this morning because there is that responsibility and commitment that this Commission made. It is tied up with a lot of other language but I think that it was made as to what the commitment is on our part and we have an idea what the commitment is on the part of the present operator of that terminal. They have an idea, but I think we must address that responsibility in some way and I think the Commission will address that later on. Those were the two big items.

I'm satisfied with the 12 bus thing. I spent last Wednesday going around with the staff on this for about two hours and they have convinced me that they have looked at it. It might have been a slow day but I think a Super Bowl or something was going on that was bringing people to the City. I am satisfied that they have looked at all the extenuating circumstances for a trip to the City, not to Fisherman's Wharf and not to the Financial District, etc., but to the City. Our responsibility of getting to the City of San Francisco is met by those 12 busses with some left over for emergencies, extra loads, etc. Sheldon (Fein) tried to point out in the public meeting where he tried to address and look at all the other options and extenuating circumstances that would make those additional busses, but I appreciate the points that you raised about your fear. The 10-minute loading zone and headway is not top and bottom level. It is 10 minutes as you enter that arriving area; 10 minutes to get in and out of there; it's not for both the top and bottom level. We understand that you may have traffic problems; that will be

subtracted from the time. I don't think that is an unreasonable attitude on the part of the Commission or of the staff about that 10-minute headway. These were listened to by the Commission and reconciled in my mind. I just wanted you to know that we haven't ignored them.

The last thing is the deplaning passenger. The Director made a very reasonable, enlightened view of that deplaning passenger bid item. I have felt that it would be as most other contracts are written that a percentage of gross and a minimum annual guarantee would be adequate to cover the Airport. I felt that as the discussion was made both by our Director and by the business community that if we expect them to make more aggressive efforts to get the passengers to use the Airporter, which is certainly a worthwhile goal, that we should allow them to get some type of signing, some type of aggressive action that they can take. As the deplaning passengers leave the gate that there be some preapproved signing that tells them what the rates are, when the Airporter bus comes, how often they will leave, etc. And maybe another one when they pickup the luggage. That we give them an opportunity to market their services. If you are going to use and expect them to increase the ridership of that population then I think we ought to untie their hands because now we have a very strict policy against advertising in the Airport. We should relax that to the extent that we allow Airporter to do that. Otherwise they have no more advantage than any other hotel who sends out a bus to get people to come to their hotel. We don't give them any advantage but yet they have to sign a commitment to pay us so much money a year. If that agreement could be agreed upon by the staff, that there could be some type of arrangement worked out with the successful bidder, that he could approach the deplaning passengers, I could then vote for this with the addition hopefully that the Commission will agree to put in concerning the downtown terminal. Those are my main points.

I hope that the people are satisfied that the Commission did listen to you and there are certain other actions we are going to take a look at about the taxi lot, that doesn't happen to be a part of this bid. The Airport management handles the taxi lot. That will come up later on in the year. That was a point that needs to be looked at as to whether there is any conflict of interest between that operation and the management of the taxi lot. Those were most of the points that were raised.

The exclusivity he directed. There are so many busses coming in and off that Airport that we can't stop, we might be opening ourselves to suits we don't know about and we have no right to stop hotels, motels, etc. from sending busses out there to transport people in. It is a question that bothers me but anybody who bids on the Airport has to take all of this into account and protect themselves accordingly. Doing business with the City is the toughest institution to do business with because you've got so many variables and possibilities.

Commissioner Coblenz: I agreed with just about everything Zoo Goosby said. I would like to propose an amendment to the bid specification. This is a little inelegant and I would like the City Attorney to sort of round it out in good legalese, but it is as follows:

The bid specifications be amended to include the use of the downtown terminal provided that Airporter and Leaseco agree in writing with the Director by 5:00 p.m., March 27, 1985 that should they not be the winning bidder to transfer the terminal and leasehold upon payment of

the then unamortized balance of the cost of construction as reflected in schedules filed with the Internal Revenue Service and the assumption of the lease by the winning bidder pursuant to Airport Commission resolution number 79-0341 of September 18, 1979.

That is my motion.

Commissioner Goosby: I second.

Commissioner Bernstein: If there is another bid or another winner that they would have the right to assume on a depreciated basis.

Mr. Turpen: It is my further understanding then that if, in fact, this documentation is not forthcoming staff would then be directed to move forward.

Commissioner Coblentz: Once we pass the basic resolution with the amendment it is out of our hands. We go on with the basic resolution. I have a time here of 5:00 p.m. on March 27, 1985.

Commissioner Bernstein: Subject to approval by the Commission and the Director.

Mr. Turpen: In other words as this amendment would impact our current specifications if certain documentation were received by the Director by 5:00 p.m. on March 27, the terminal would be included, if not then this would go forward with no reference to a downtown terminal other than those generic references made in this specification.

Commissioner Bernstein: This is not an arbitrary position on our part because it was the sort of thing that was discussed back in the late 70's when the Airporter was bid. Is that correct?

Commissioner Coblentz: I incorporate by reference that particular resolution 79-0341.

Commissioner Goosby: He named that in the resolution and the resolution says "assume all obligations".

Commissioner Coblentz: Mr. President, may I call for the question, first on the amendment and then on the resolution.

The roll was called and the amendment was unanimously approved with Commissioner Fleishell abstaining from the vote.

Commissioner Goosby: Before you vote on that I just wanted to get a response from Lou about the ability of the successful bidder to do some sort of legitimate marketing toward those deplaning passengers to acquaint them with the services of the Airporter.

Mr. Turpen: Dr. Goosby, let me call your attention to two areas which might help clarify this. One is on page 4 of the bid specs, Section 401, paragraph 2. It says "The right, at its own cost and expense, to install and operate signs and schedules on the Airport for the purpose of identifying Operator and informing the public of the services offered by Operator and the charges made therefor. The number, size, height, location and general type and design of such signs and schedule shall be subject to the prior written approval of Director..." which is consistent, of course, with all of our signing requirements at the Airport. On the previous page we talk about the "Operator will be given the option to design and construct a counter

inside each Terminal Building and a booth along the lower level curbside at each Terminal..." so that he might man those booths and provide information, sell tickets or whatever the operator might want to do. I feel that those two paragraphs speak to the issue you are raising. If they do not I'd be happy to respond.

Commissioner Coblenz: Zoo, I would assume that they do and if not we will come in on it. I think that the intent of what you propose is clear to all of us.

Commissioner Goosby: As long as the intent of the Commission is there in supporting those. As long as you're in this stuff you know you are going to have ten words and ten different people will interpret them ten different ways. My interpretation of those words is, as I have so stated, and I think the Director agrees that my interpretation is an accurate interpretation of that wording. I would feel secure in doing that. I don't think that the Board would be averse to the Director trying to develop some type of resolution in the next few weeks that would direct him toward at lease pursuing with the appropriate City agency the eventual obtaining of a terminal, either through lease or sale by the City in five years time at the end of the term or even at the ten year interval, at the end of the term that this lease is going to go, so that it would not interfere in any way with the bidding of this document but I just feel that I would be remiss in my responsibility, because I strongly believe that it didn't get off the ground before because I guess I didn't have the votes to get it passed and apparently I don't have the votes to get a resolution passed now. I'm just doing this on the seat of my pants hopefully that we can get something going on this in the next year or two so that we are least working toward a successful conclusion of this. I can see in five years time we are going to be right back in this spot again or ten years time right back in it again. I won't be here then, but I don't want somebody to say well why didn't those so and so's take care of this like we're talking about the people who built Candlestick Park, not putting a dome on it, etc.

Commissioner Bernstein: May we call the roll?

The roll was called. The resolution was unanimously adopted with Commissioner Fleishell abstaining from the vote.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE (continued):

The following items were unanimously adopted.

5. Award of Contract No. 1380
Replacement of PCB Transformers

No. 85-0076

Resolution awarding Contract No. 1380, Replacement of PCB Transformers, to Fischbach and Moore, Inc., in the amount of \$277,200.00. The purpose of this contract is to replace three PCB filled transformers with non-PCB transformers.

Two bids were received on February 21, 1985 ranging from \$273,000 to \$277,200.

6. Lease Modification - Skyline Candy

No. 85-0077

Resolution approving modification of
lease for Skyline Candy and Gifts, Inc.

Commissioner Tsougarakis asked for clarification on the modifications made by the City Attorney.

Mr. Garibaldi responded that his office reviewed the proposed extension of the current lease at the request of Commissioner Fleishell. It was agreed that the term could be extended, however, upon further review the term of the extension was reduced by about 4 months from what was originally proposed.

Commissioner Goosby asked why the Airport was extending the lease.

Mr. Garibaldi responded that the lease was being extended because the Airport has curtailed the activities of the present lessee in the South Terminal due to the renovation in that terminal.

Commissioner Fleishell said that the length of the extension should coincide with the amount of time the lessee's operation was interrupted.

Commissioner Coblentz left the meeting at this point.

* * *

F. DIRECTOR'S REPORTS:

2. Free Baggage Carts in Customs: Status Report

Summary of first week of trial period
for free-of-charge baggage carts in
Customs.

Mr. Turpen said the report was self-explanatory. Pan Am is currently involved in a strike which has resulted in cancellation of a number of their flights. We do know that a number of their passengers have gone over to other airlines because some of the other carriers are experiencing a significant increase in the number of passengers. We do not know what the magnitude of the impact Pan Am's dispute has on these numbers.

Mr. Turpen noted that Customs arrivals during this period is up 20 percent over last year due to the commencement of the military airlift command flights in San Francisco. These are 747 charters and virtually all are full.

Mr. Turpen said he will return to the Commission at the first meeting in April with a final report on the month. Hopefully Pan Am will have resumed operations and staff will have a much better picture at that time.

Commissioner Bernstein asked when there would be a final determination.

Mr. Turpen responded that it is really a question for the Commission to decide. Once provided with a history and a projection on an annualized basis the Commission will be in a better position to make a decision. At this point we are experiencing a little more than one cart for every two passengers.

Commissioner Tsougarakis commented that she went out to the Airport on the first day of the test and observed three flights within 45 minutes of each other; one was a light load, one was a medium load, and the other was a full military flight. She felt it went smoothly and added that if it continues to take as long as it does to get the baggage to the carousel there will never be a problem.

Commissioner Bernstein said that the Commission has to make some sort of decision if the item is to be placed in the budget.

Mr. Turpen responded that the Airport's budget meeting with the Mayor will be on April 10 and staff will have the results of the test prior to that date.

3. Update on the Proposed Charter Amendment to Allow the Airport to Negotiate the Sale of Securities

Mr. Turpen said he would like to put the item over.

Commissioner Fleishell said he was strongly opposed to any tampering with the Charter to allow for the negotiated sale of securities. He said this subject came up when the Charter Revision Commission met about six years ago. He said that when the Airport settled the litigation with the airlines it was not included in the Charter amendment put through at that time.

Commissioner Fleishell said that this is a highly specialized field and he did not feel anyone on staff was qualified to handle it nor did he think we had the votes on the Board of Supervisors.

Commissioner Bernstein said he, too, was opposed to this.

Commissioner Goosby felt it should go through a bidding process.

* * *

H. ITEMS RELATING ADMINISTRATION, OPERATIONS AND MAINTENANCE (continued):

The following items were unanimously adopted.

7. Supplemental Appropriation in the Amount of \$9,567,881.00 to Fund Approved Capital Projects

No. 85-0078

Resolution authorizing a \$9,567,881.00 request for supplemental appropriation from Airport bond funds to provide funding for approved capital projects.

8. Month-to-Month Hold Over of North Terminal Leases

No. 85-0079	Four resolutions approving
No. 85-0080	month-to-month hold over tenancies of
No. 85-0081	the following North Terminal
No. 85-0082	Concession Leases, pending the start
	up of new leases:

ABC Candy Shop
Paradies Flower Shop
San Francisco Sunglasses
Flying Crab

The following item was put over.

9. Rental Credit to Host International, Inc.

Resolution approving rental credit to
Host International, Inc. for
improvements done in the
International (Central) Terminal
pursuant to Resolution No. 83-0114.

Commissioner Bernstein asked for an explanation of the rental credit.

Mr. Yuen explained that the work performed was for fire safety and according to the lease agreement the Airport is obligated to reimburse Host.

Commissioner Bernstein asked what the lease said.

Skip Conrad, Head Property Manager, stated that there are certain parts of the lease that provide for what the City should do and what Host should do. In this instance Host was not obligated to make some of these improvements under their lease.

Mr. Turpen said that the Commission authorized, with the adoption of resolution number 83-0114, a rental credit to Host.

Commissioner Fleishell said this resulted, in part, with the renovation of the Central Terminal where part of Host's facility was demolished. The Airport agreed to restore the area but found that it had to be restored to code.

Commissioner Bernstein requested that this item be put over until the next meeting so that the lease could be read.

Commissioner Goosby asked what the space on the fourth floor is being used for.

Mr. Turpen responded that the U.S.O. is occupying it as an initial tenant. He said that the space is larger than U.S.O. requires and could be used for long term baggage storage or a business center.

Commissioner Bernstein asked for Host's lease for the Ice Cream Parlor.

Mr. Turpen said he did not believe there was a lease for the Ice Cream Parlor but he would send him the resolution for that concession.

The following item was unanimously adopted.

10. Contract with The Parry Company - \$10,000

85-0083

Contract with The Parry Company to provide noise impact contours for the twelve month period preceding December 31, 1984 and June 1, 1985 to be used to calculate the dwelling unit count; \$10,000.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

11. Retirement Resolution - Raymond Heil

No. 85-0084

Resolution expressing best wishes for the fullest measure of health, happiness and fruitful retirement to Raymond Heil.

12. Rental Credit - Duty Free Shoppers

No. 85-0085

Resolution approving rental credit to Duty Free Shoppers in the amount of \$77,456.82 for the installation of a freight elevator to access Boarding Area D.

Mr. Yuen explained that Duty Free built one of the elevators for the Airport that is used by several tenants. Under the lease agreement the Airport is supposed to furnish this elevator. The \$77,000 figure is basically what the bid price was.

Mr. Turpen said that this goes back to the discussion we had when we decided we wanted to put concessions on either side of the terminal concourse and needed access to them. This allows us to get the merchandise up to the second floor without carrying it.

13. Rejection of Bids and Authorization to Rebid Contract No. 1200B-18
Rehabilitation of Elevators - International Terminal

No. 85-0086

Resolution rejecting all bids for Contract No. 1200B-18 and authorizing the Director of Airports to readvertise and call for bids when ready.

14. Award of Airport Contract No. 1250G
Pavement Grooving, R/W 19L, North End

No. 85-0087

Resolution awarding Contract No. 1250G to Hunt Contracting Company in the amount of \$76,960.00.

Two bids were received on February 28, 1985 ranging from \$76,960.00 to \$87,360.00.

15. Resolution Approving Assignment of Lease, Air California

No. 85-0088

Resolution approving the assignment of Lease and Use Agreement No. 82-0109 from Air California to Air Cal, Inc. of Delaware.

16. Request for Approval of Travel/Training for Airports Commission Representatives

No. 85-0089

Resolution authorizing representatives to attend conferences and/or seminars through June 1985.

* * *

G. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell, referring to Senator Robert Presley's bill, S.B. 556, said he had the attorneys do an analysis of it and it is a disaster. He said that Senator Presley seems to take the position that he is striking a happy middle ground but in fact he is not.

Commissioner Fleishell said that a memo from the Director indicated that no hearing had been set and he would keep the Commission advised. He said staff needs a better procedure. First, a hearing request had been in, a hearing was set but the reason the hearing isn't set is because he does not yet have the votes. He said that as soon as we learn of a bill we must move quickly as the Senator or Assemblyman will move immediately to gather votes to call the Committee hearing not realizing that anyone is against it. Commissioner Fleishell said a number of steps must be taken: 1. There should be a Commission resolution. 2. We have to have an appearance before the City Policy Committee to have the City instruct Ed Gerber to do that. He said that has already been taken care of because he talked to Gerber.

Commissioner Fleishell said Ron Wilson should be congratulated on the great job he did appearing before the City of South San Francisco in connection with this real estate development. However, he said Harold McElhenny was not even aware that this condition occurred. He felt it was critically important that the attorney handling our noise problem know of

this because the EIR filed in this matter is totally inadequate. He suggested a meeting with perhaps Commissioner Bernstein, Mr. Turpen, Mr. Garibaldi, the City Council of South San Francisco and the Mayor to let them know how strongly we feel that they are creating a situation that is absolutely impossible. He said that on the basis of federal law the Airport has filed its noise map and none of the people who are going to buy these homes can sue us.

Mr. Turpen stated that the Commission had previously discussed this and authorized the Director to take whatever steps were necessary, including filing a lawsuit on the EIR.

Commissioner Fleishell said that we must first have the Mayor's permission to move on this because we have our jail and a hospital in San Mateo as well as problems with water and garbage so we just can't sue San Mateo. He said he has talked to the County and told them they are out of line and they agree. He said San Mateo suggested having the meeting.

Commissioner Tsougarakis suggested that Mr. Turpen get together with Commissioner Fleishell as the intent of the Commission has already been expressed that the Director move ahead. If Commissioner Fleishell has specific suggestions they should be dealt with independently.

Commissioner Goosby asked if the noise litigation was finished.

Mr. Garibaldi responded that that was just one aspect of the noise litigation having to do with jury trials in small claims cases. The other cases are still pending.

Commissioner Goosby suggested that the next time the Airport gets involved with small claims cases we look at our MBE and joint venture responsibilities. He said he never understood why we didn't insist that there be joint venturing on small claims cases. He wanted to know why the Airport had to have the biggest law firm in the United States just to handle those cases.

Mr. Turpen responded that the attorneys were precluded from getting involved in small claims court.

Commissioner Goosby said he understood that however the law firm is advising us.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

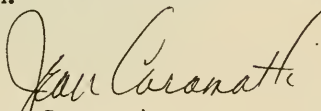
K. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

M. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:56 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

APRIL 2, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

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Minutes
of the
Airports Commission Meeting

April 2, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Commissioners Morris Bernstein,
Z. L. Goosby, J. Edward Fleishell,
Athena Tsougarakis.

Absent: William K. Coblentz.

* * *

C. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution Numbers 85-0090 and 85-0091 regarding the settlement of litigated claims at the closed session of March 19, 1985.

* * *

D. SPECIAL ITEM:

Verbal Progress Report:
Specifications on the Airport Motor Coach Service Agreement.

Mr. Turpen, Airport Director, said that the Commission had established a deadline of March 27, 1985, 5:00 p.m. for the submission of certain documentation by LeaseCo and Mr. Leonoudakis regarding the downtown terminal at Taylor and Ellis Street. In addition, the Commission required that Mr. Leonoudakis execute an agreement between the Airports Commission and LeaseCo pertaining to the downtown terminal. He said that Mr. Leonoudakis has presented the required information to the Commission. Mr. Turpen said that a

preliminary review of the information by staff appears to meet the established criteria. He said that barring any unforeseen problems the downtown terminal at Taylor and Ellis Streets will be included in the Airport Motor Coach Bid Specifications. The specifications will be amended accordingly and sent to the Commission for final review.

Commissioner Bernstein asked Mr. Lindberg of Grovesnor Bus Lines if he would like to address the Commission on the downtown terminal.

Mr. Lindberg urged the Commission to insure that the Airport Motor Coach Service Agreement does not preclude the successful bidder from moving the downtown terminal under certain conditions. He said the successful bidder would have to relieve LeaseCo of its obligations on the ground lease and pay LeaseCo its unamortized construction costs per the March 19th resolution. The successful bidder would have to prove that the new location is better for the City and would have to show that the new location could be passed on to the next operator five or ten years down the road. Finally, the successful bidder would have to get the consent of the Airports Commission.

Mr. Lindberg said that Mr. Garibaldi indicated that such a change in the terminal could be made after five years under the existing terms of the Agreement. He understood that there is some feeling in the Commission to make that terminal permanent, and possibly have the City purchase it. He felt that the discussions and efforts on the part of the Commission will be continued in the next five years and felt that five years may be too late to arrive at the best terminal for the City. He urged the Commission to leave the door open to proposals for a better terminal right at the very beginning.

Mr. Lindberg requested that the Commission prohibit LeaseCo from entering into new long term subleases or extending existing subleases for considerable periods of time until a successful bidder is determined. He said those types of prohibitions are very common in real estate purchases or sales agreements.

Commissioner Goosby said the point about the leases being extended was valid. He asked if there had been any effort to protect against the extension of the leases beyond a certain date and if it was possible for the Commission to do that in view of the fact that one of the leasees is in financial difficulty.

Commissioner Fleishell said that even though he did not vote on the matter it was his feeling that legally the Commission does not have to wait five years before an agreement could be structured permitting the City to buy the terminal. The agreement can be structured within the present term. He said that in any purchase of a building or a ground lease of the building there is always a requirement that the seller may not, during the closure period, make any material change as to any tenant. He felt that should be standard boiler plate language.

Commissioner Bernstein said that there have been two moves in the last couple of years and Mr. Lindberg was suggesting we leave the door open for a possible third move. He said that he would be utterly opposed to this. He added that the other problem is that the Commission assured Mr. Leonoudakis that he would have the backing of the Airport.

Mr. Lindberg responded that the existing terminal at Taylor and Ellis may end up being owned by the succesful bidder and put to whatever purpose the bidder would want. A new terminal, in a different location could then be built. He felt that if the City is thinking about buying a permanent terminal then it ought to give some thought to the best possible location.

Commissioner Bernstein told Mr. Lindberg that the terminal is on land owned by the Diocese.

Mr. Lindberg responded that there are 30 years left on the ground lease.

* * *

E. DIRECTOR'S REPORTS:

1. Roundtable Meeting - Verbal Report

Mr. Turpen reported that this was a follow-up on the Airport Community Roundtable meeting of last Thursday evening. He said that Ron Wilson made a presentation at a preliminary hearing for the Shearwater Project. Mr. Turpen explained that this project is anticipated to be built under our existing shoreline departure path, which is our primary noise mitigation flight path. He said a commercial development was initially envisioned but has grown to include some 350 units for residential use. Mr. Turpen said this has caused some serious concern and the matter was brought to the Roundtable's attention last Thursday. He said that the Roundtable is taking the following four actions: It is communicating its concerns to the Airport Land/Use Commission which will be calendaring this item in the near future; it has communicated its concern to the City of South San Francisco; it has requested copies of the EIR; and, it will consider a resolution formally opposing residential units under that existing flight path if the Roundtable's review of the EIR warrants such a position.

Mr. Turpen added that the Roundtable consists of 13 members. The majority of the member-communities are those in the vicinity of the Airport such as South San Francisco, San Bruno, Pacifica, Colma, San Mateo, as well as San Francisco and the Airport. He said he will continue to keep the Commission advised.

Commissioner Fleishell asked what the Airport is doing about dealing with the City of South San Francisco. The County of San Mateo recommended a high level meeting with the City Council of South San Francisco and the Mayor. He felt that type of meeting should be held rather than dealing with an organization that has no legal authority.

Mr. Turpen responded that the Mayor of South San Francisco attended the Roundtable meeting and said she felt they could adequately insulate the homes. He said they are firm in their position and they have asked for an opportunity to demonstrate this through their EIR. Mr. Turpen said he did not agree that insulation would be adequate. He felt that South San Francisco is not presently of a mind to amend its plans, which are extremely preliminary, but felt that the Airport Land Use Commission action, as well as action by the Roundtable will cause them to reconsider this matter. He did not feel anything would be gained by meeting directly with their City Council or the Mayor at this point except create a confrontation which would not be in the best interest of the Airport.

Mr. Turpen added that Councilwoman Teglia, who is the representative of South San Francisco, was also at the Roundtable meeting. He said that the Councilwoman is working with the Airport on insulating homes in South San Francisco due to noise. At the same time, South San Francisco is talking about building more homes under an existing flight pattern. Mr. Turpen felt that there will be enough concern voiced in the development of the residential area that will cause the City of South San Francisco to reconsider.

2. Free Baggage Carts in Customs: Week 3 Report

Director's Report on summary of three weeks of trial period for free baggage carts in Customs.

Mr. Turpen said that the numbers are very similar to the report that staff last provided the Commission. During the first three weeks of the report about 28,000 carts exited Customs, or about one cart for every two people.

Mr. Turpen reminded the Commission that the study was originally established with a maximum two-month duration depending on availability of funds. He said there were enough funds to cover the entire period. Mr. Turpen said that now that Pan Am is back and on a full schedule we should see a difference in the numbers. He explained that the question is will useage increase with Pan Am coming in or will it remain fairly constant? He explained that we do not know how many people amended their international flight plans because of the Pan Am situation. Mr. Turpen said he will present another progress report at the next meeting.

Commissioner Goosby noted that Smarte Carte has one or two employees retrieving the carts. He hoped staff was keeping a watchful eye to see if Smarte Carte was developing a realistic figure for the cost of the operation. He said he has noticed a lot of people retrieving the carts to the North and South Terminals for the 25 cent refund. He thought these independents were retrieving more carts than Smarte Carte employees and that the retrievals were being handled efficiently with the aid of these independents. Commissioner Goosby said that at one time the Commission discussed the possibility of barriers and with the cost of a "free" cart system he felt that options such as barriers should be reconsidered.

Mr. Turpen stated that at this point the Airport is reimbursing Smarte Carte a dollar a cart. He said that the system works very well operationally because the carts are retrieved and there is no shortage. He said there was a slight increase in our passenger arrival traffic because of the MAC flights. These military flights carry between 450 and 500 passengers on each 747 and there is significant cart useage among the military personnel. He felt that this appears to be a good solid number and hopefully Pan Am's return will give us a good idea of our annual costs or at least a foundation against which we can measure our annual cost.

Commission Tsougarakis commented that it looked like it would be around \$450,000 to \$500,000 if Smarte Carte agrees to do it.

Mr. Turpen said that if Smarte Carte says that they cannot do it for \$1 a cart we will have to hire employees to try and do it at that price. He felt that if Smarte Carte, with a profit motive, can't manage it for \$1 a cart, he would have some concerns about the Airport being able to do it.

Mr. Turpen said that the amount staff came up with for the Airport to run it was around \$500,000 a year which is about what staff anticipates we would pay Smarte Carte if we were to extrapolate these numbers. He explained that there are no capital costs involved on this alternative with Smarte Carte, however, if the Airport ran it we would have to put in some capital monies to purchase the carts in addition to the current operating cost of approximately \$500,000 per year.

Mr. Turpen said he would keep the Commission advised.

Commissioner Fleishell said the Airport is paying Smarte Carte precisely what they got from the public and made a profit.

Mr. Turpen responded that he did not know, at this point, if Smarte Carte is not making a profit. He said that perhaps it was due to the increased number of carts, where they go and the added cost of trying to retrieve more carts into Customs. He said there are approximately twice as many carts going out of Customs now which means twice as many to retrieve.

Commissioner Tsougarakis said we are just speculating.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Tsougarakis felt that the trailing calendar should be more meaningful. She requested, with the approval of the rest of the Commission, that all expired leases, items and issues be incorporated into the trailing calendar with expiration dates and the date that the action was started.

Mr. Turpen asked for clarification on the initiating point on these items.

Commissioner Tsougarakis explained that the dates could be associated with leases as well as dates that items are issued. She said she did not intend to be judgmental but it would help her to understand what the Commission's business is and how to keep count of issues.

Commissioner Fleishell thought it was a good idea.

* * *

G. POLICY:

Items 3 and 4 were called together and unanimously adopted.

3. Resolution Supporting Assembly Bill 1801

No. 85-0093	Recommendation of Airports Commission resolution supporting noise related legislation - AB 1801.
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4. Resolution Opposing Senate Bill 556

No. 85-0094	Recommendation of Airports Commission resolution opposing noise related legislation - SB 556.
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Mr. Turpen said that these resolutions formalize the Commission's position. He said that upon action of the Commission staff will transmit these resolutions to the Mayor. The Mayor has indicated that she would like to forward these matters to the Legislature

through our Lobbyist, Mr. Gerber, and has asked that she be allowed to transmit these items through her office.

Commissioner Fleishell felt this was a useless gesture. He said that Orange County had originally asked Mr. Robinson to introduce this bill but is not even supporting it because they feel it is a waste of time. The Governor has vetoed it twice and there has been no move to try and change his mind. He said that Mr. Garibaldi prepared an opinion dealing with the Governor's veto message where he said the Airport had authority to do certain things. Commissioner Fleishell said that he had always been told that the Airport did not have that authority. Part of that opinion indicates that the FAA has already turned us down on a number of things because of "lack of information." He asked if staff ever followed up and gave the FAA the requisite information to get a direct denial so that we could challenge the Governor's opinion.

Mr. Turpen responded that we have not given them more information because it has not been our intent to establish a curfew. He explained that the FAA is referring to certain flight restriction suggestions which emanated from the Joint Land Use Study. He said that all potential noise mitigation measures were incorporated into the Part 150 submission for several reasons. One of the primary reasons was that it gave the Airport a very broad base from which to select noise mitigation measures which could be eligible for federal reimbursement. The FAA approved our entire 150 submission with the exception of one generic category of mitigation alternative, namely flight-related activities. Mr. Turpen said that it has not been our intent to implement any of those flight-related activities because we do not have the authority to do so; the FAA does. Therefore, we would not have established a policy or taken a position which would require us to go to the FAA and ask them to amend our current flight restrictions simply because it is not our intent at this time to do that. He said that noise is being controlled fairly effectively. The number of impacted homes is going down, we've met our 1987 goals, and the mitigation plan seems to be working. To entertain ideas of flight alternative modification through the Part 150 submittal is something that the Airport has not pursued. He said that if the Commission feels it should be pursued then we will, but he recommended that the Airport continue to work on those things that are manageable and that we can work on in order to reduce noise.

Commissioner Fleishell did not understand Mr. Turpen's explanation saying that the FAA submittal is to determine whether we have the authority.

Mr. Turpen disagreed. He explained that if we submit "Alternative A" to the FAA, their standard response is "disapproved pending further information." If we elect to implement "Alternative A," we have to go back to the FAA with a fuller explanation of what we want to do. That does not necessarily mean the FAA will give us the authority to implement it.

Commissioner Fleishell felt that Mr. Turpen was missing the point. The Governor's veto message says he did not sign this bill two years in a row because the Airport already has the authority. The Commission has been told by Mr. Turpen and by counsel that we do not have that authority. Plans are sent to the FAA to determine whether the Airport can implement them. He said the FAA has approved some and disapproved others for lack of sufficient information. Commissioner Fleishell said that what we should be

trying to do is convince the Governor is that he is in error. Commissioner Fleishell complained that he is getting resistance from staff so he will take no further action on any of these bills.

Commissioner Goosby agreed with Commissioner Fleishell. He added that the other part of the problem was introducing this kind of evidence in the hearings.

Commissioner Fleishell responded that it is not a question of the hearing. He said the Commission amended this bill to conform to the Governor's staff's wishes. Although the Airport was told the Governor would sign the bill he vetoed it instead. He said the Governor's veto message indicated that airports have not taken the kind of action they have the power to take to solve this problem themselves.

Commissioner Fleishell said we have to find a simplistic way to demonstrate to the Governor through his staff that the Airport has made certain efforts but the FAA has ruled that we don't have the authority.

Commissioner Goosby asked what happened to the state organization that was supposed to be put together.

Commissioner Fleishell responded that nothing ever happened. He said he talked last week to the President of the L.A. Commission about reviving the idea.

Mr. Turpen said that there seems to be a definite lack of interest on the part of an awful lot of people in Southern California, including airport directors. He said that SFO is not in a position to wage a statewide war if we do not have the cooperation of the other airports involved.

Commissioner Fleishell noted that SFO was the only airport who opposed the idea of limiting small claims for noise suits yet Mr. Robinson introduced the bill in Sacramento and got it passed. He felt we should be doing more.

Commissioner Tsougarakis asked, in reference to SB 556, if staff could incorporate into the resolution the fact that we have approached the FAA relative to these matters and they have said they need more information. She agreed with Commissioner Fleishell that we might need to demonstrate to the state and to the Governor that we have done something.

Mr. Turpen said it was his intent to include a copy of Mr. Garibaldi's opinion and the FAA submission in transmission of these matters.

Commissioner Tsougarakis said that if we highlight the point it might work. She said that someone needs to understand that there is a difference between what the Governor thinks and what the situation really is.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted.

5. South Terminal Tenant Improvements -
Approval of Design (Host International, Inc.)

No. 85-0095	Resolution approving schematic designs of various food and beverage facilities to be constructed by Host International, Inc. in remodeled South Terminal complex.
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Mr. Turpen said that during reconstruction of the South Terminal Host International intends to construct a number of South Terminal facilities concentrating initially on Boarding Areas A and B. He explained that Boarding Area A is the old International Rotunda; Boarding Area B is the area currently occupied by Western, Continental, TWA and Alaska. He said that Host is projecting a number of facilities and has renderings of those facilities available for the Commission's review. He told the Commission that there will be a major restaurant in the South Terminal replacing the former International Room in the Central Terminal. In addition, there will be a fast food outlet.

Commissioner Fleishell asked if Mr. Freidman approved the plan.

Mr. Turpen said he has.

Commissioner Goosby asked where the new dining room will be located.

Mr. Art Spring, Host International, said that the main restaurant facilities are located in the area that is shaded in pink (pointing to the renditions) and adjacent to that is an entirely new cocktail lounge which replaces the present Ishi bar. Mr. Spring then described the restaurant.

Mr. Spring said that the total project will cost in excess of \$8 million. The designs range from a first-class dining room down to and including an employees' cafeteria which will be located on the mezzanine level over the Western Air Lines ticket counter. He said that the designs include everything with the exception of Boarding Area C which will be the last phase of the remodeling and a separate presentation to the Commission. Those designs have not yet been reviewed with the staff or Mr. Freidman.

Commissioner Bernstein said that he and Mrs. Kadish had lunch with Howard Varner and discussed the Oyster Bar and Ice Cream Parlor. He said that Host agreed, at that time, that the Oyster Bar would have the same quality and quantity of food as Swans and the ice cream parlor would serve a national brand, like Hagen Daz. He said he has found that the ice cream brand has been switched. Commissioner Bernstein said he will personally pay for a test of the brand that was originally served and the brand that is now served. He asked why the brand was changed and why staff was oblivious to it.

Mr. Spring responded that at the time Host put the ice cream facility together the concept was to require a product that would be differentiated from other ice creams sold in the market. Host's investigation at the time revealed that Prugen Gladje, a prime competitor of Hagen Daz, was an appropriate selection. He said there were extensive discussions with his staff and the Commission staff as to whether that was, in fact, an appropriate selection.

Mr. Spring said that there are a number of high quality ice creams in San Francisco and those companies wanted the opportunity to have their product on the Airport. It was Host's feeling at the time that the Frugen Gladje achieved the desired goals.

Mr. Spring said Host used that brand in about 10 different airports. He said that they began experiencing a series of product quality control and delivery problems. These problems brought them to the conclusion that there were too many headaches for what they were getting with respect to identification of the product. Frugen Gladje was removed from all of their airport distributions and Host went into local markets and attempted to find what was recognized as, if not the best, one of the best locally produced premium quality ice creams available. In San Francisco that decision resulted in the selection of Buds.

Commissioner Bernstein said that one of the ice creams manufactured locally won a national contest. However, when you start turning a local product into a national product and you start adding shelf life it does effect quality and quality control. He agreed with Mr. Varner that we should have the very best ice cream. He said that if Bud's tests out he would apologize to Mr. Spring for his comments but if it does not test out he would raise a lot of hell.

Mr. Spring responded that if the intent is a premium product he predicted that Bud's will test out very well. He said he would be delighted to participate in but not influence the test and that Host would be glad to pay for it.

Commission Goosby stated that he would be happy to influence the test. He felt Buds is a good ice cream.

Commissioner Bernstein said he did not mean to imply that Buds was not a good ice cream, he simply stated that his agreement with Mr. Varner was to have the best ice cream and there is a difference between good and best.

Mr. Spring volunteered to put the test together with staff and reiterated his offer to have Host pay for it.

Mr. Spring, in returning to the discussion on the South Terminal, said the boards would be made available for the Commission to review them in detail after the meeting. He said that in his professional judgment the series of facilities in the South Terminal will not only be the best of any of the three San Francisco terminals, but will be unrivaled in any airport in the United States or that he has ever seen in the international market. Mr. Spring said this was an expensive undertaking but one with which he felt the Commission would be extremely pleased.

Commissioner Bernstein said that physically most of the Host outlets are extremely satisfactory. He thanked Mr. Spring for his presentation.

Items 6, 7, and 8 were put over.

6. Automobile Service Station Lease - Authorization to Bid

Resolution approving contract documents for automobile service station lease and authorization to bid.

Mr. Turpen said that the lease was for an initial five-year term with certain options in the Commission. He said that the Airport is presently involved in a land use plan and there has been some conversation as to whether the long-term location of the service station should be on the entry roadway at the Airport or in an alternate location. He felt that the five-year term will offer staff flexibility should the master plan indicate a location other than that presently occupied by the service station.

Mr. Turpen recommended bidding the item.

Commissioner Tsougarakis asked why "percent" was changed to "fixed amount."

Angela Gittens, Deputy Director of Business and Finance, said that staff felt we were in a poor market. She said that the market for service stations has changed over the years and staff is concerned with trying to get more than one bid for this item. Staff is trying to be much more flexible with this item than they have been with those items that are in a seller's market.

Commissioner Fleishell asked if, other than the dropping of the price, there was a difference between this lease and the lease that was executed some years ago.

Ms. Gittens responded that the major difference is that the previous lease was at 24 percent of gross. Basically it updates for all standard lease provisions and it requires three types of fuel which the other lease did not.

Commissioner Fleishell asked who is responsible for the \$250,000 to remove the tanks.

Ms. Gittens responded that the present operator has to remove the tanks he has in the ground. But, the new operator must reline the tanks. She said that at least one needs to be replaced; the other two might be able to get by with just relining.

Commissioner Goosby said that the lease should be clear cut in this regard.

Mr. Turpen recommended bidding the item. If it appears not to be the type of situation that is economical for bidders he felt that will be reflected in the bidding.

Commissioner Goosby asked what the rationale was for setting a \$70,000 minimum. He said Chevron was paying the City approximately \$500,000 in yearly rent based on 24 percent of gross.

Ms. Gittens responded that was as of last year. Chevron is currently on a month-to-month permit and is paying the Airport \$60,000 a year as a flat fee for the continuation period.

Commissioner Goosby said he was trying to reconcile a minimum of \$70,000 with a \$500,000 history.

Ms. Gittens responded that that Chevron was unwilling to extend at anything near that. She said staff indicated to the Commission, as they were trying to negotiate the extension, that if Chevron were willing to come through with an extension for \$250,000 staff would recommend it. Chevron was not even willing to do that. Staff met with the consultant the Commission recommended prior to the first pre-bid conference and he suggested a low percentage, starting with

10 percent, then down to 3 percent. Ms. Gittens said there was no interest at that point.

Commissioner Bernstein asked if there was a gallonage clause in the lease.

Ms. Gittens said that bidders would be bidding a flat rate not a cents-per-gallon. She said that it is typical to have a gallonage clause and staff included it in documents that went to pre-bid. She explained that at the two pre-bid conferences that were held it was the unanimous feeling of the potential bidders, (there were only 3 major companies present) that they have a flat rate.

Commissioner Fleishell said that having represented a number of service stations he has never seen a service station lease that didn't have a minimum rate against gallonage. He said he would vote no on this item.

Ms. Gittens said that the original proposal was 3 cents per gallon which would have come out to a minimum of about \$60,000. If the other items are included it would come out to a minimum of about \$70,000 based on the gallonage they have been running for the past several years.

Commissioner Bernstein said he does not know of a gas station lease that does not include a gallonage clause.

Ms. Gittens stated that she spoke to Reed Redwine, the consultant recommended by the Commission, and he indicated that it was surprising to him because the cents-per-gallon was typical. He suggested that because of the \$70,000 minimum we probably would not do any better with a gallonage clause. She said that Mr. Redwine told her that there probably was not that much additional marketing a new operator or even Chevron could do and that we probably would not lose anything by going to a flat rate.

Mr. Turpen responded that if it is the Commission's wish staff will include the gallonage clause. He said staff will talk to the consultant about the price per gallon. If the Commission has some suggestions staff will be glad to entertain them. If that amount is not sufficient it will be amended as the Commission wishes.

Commissioner Tsougarakis assumed that if the garage had been standing in its present state for more than a year 1984 would be indicative of the useage of the gas station based on the amount of traffic entering and leaving the Airport.

Ms. Gittens stated that useage of the gas station has been declining over the past several years. Last year the station sold about 1.8 million gallons.

Commissioner Goosby said they had paid \$500,000 rent.

Ms. Gittens said that amount of rent was based on gross receipts and gas this time last year was about \$1.40.

Commissioner Goosby said he could not reconcile a \$70,000 minimum when Chevron paid \$500,000 in the previous year. He asked that staff come back with a cents per gallon clause or percentage of gross to give the Airport some protection.

Commissioner Tsougarakis wondered why Chevron did not want the operation if they are doing that much business.

Ms. Gittens responded that Chevron does want it but at the right price.

Commissioner Goosby thought that Chevron was trying to talk the Airport into making a sweetheart deal.

Mr. Turpen said that if the Commission preferred staff would raise the minimum and bid the contract that way to see what type of response is received.

7. Valet Parking - Rate Increase

Memorandum and resolution recommending to raise the valet fee from \$16 to \$17 effective June, 1985.

Commissioner Goosby asked if the operator could choose to lower his price in an attempt to try and increase his business, while guaranteeing the Airport the break even point.

Mr. Turpen responded that the Airport determines the price. He said that the Airports Commission adopted a policy that states that the valet operation will break even. He said it was suggested at the last meeting that the price could either go up to cover costs and be consistent with Airports Commission policy, or, the policy could be waived for a trial period and the price could be lowered to see if additional useage of the service could stimulated. The Airports Commission asked staff to come back with a break-even price. The Commission could, if it wishes, approve a \$10 charge to see what happens.

Commissioner Bernstein agreed with Commissioner Goosby. He said a study should be done to include how much the Airport collects in the garage by virtue of the valet parking. He suggested that if we did not have valet parking passengers might take limousines or taxicabs to the Airport.

Commissioners Tsougarakis and Goosby both agreed that they would be in favor of a study to lower the rate to \$10.

Mr. Turpen informed the Commission that staff did a survey on valet parking when it first came up two or three years ago. One of the things the survey reflected was that bussiness people prefer valet parking as a safety factor over and above convenience. He said that passengers still prefer valet parking or would take a bus or cab over the alternative of parking their cars overnight in the general garage.

Commissioner Tsougarakis said she found valet parking convenient when she is running late.

Mr. Turpen said that most airports have dropped valet parking.

Commissioner Goosby said that the valet parking operator should consider a two-month trial at a lower rate.

Commissioner Tsougarakis commented that this might have ramifications on the garage contract which will soon come up for renewal.

Mr. Sheldon Fein, Assistant Deputy Director of Landside Operations, explained that the garage bid will include both the taxicab and the valet operations as part of the garage contract. However, the specifications will indicate that those two items can be taken out or separated from the contract at any time.

Commissioner Tsougarakis said that if you plan to look into improving the service or running a test, this is the time to do it.

Mr. Turpen said that the Airport sets the rate and reimburses the garage operator for his expenses. He explained that at the end of the month the garage operator logs his expenses with the Airport, which includes the cost of valet. He said that the garage, in effect, subsidizes valet parking.

Commissioners Goosby and Tsougarakis agreed that the Airport should not subsidize valet parking.

Mr. Turpen stated that in accordance with previous suggestions from Commissioner Bernstein the staff had introduced various cost cutting measures, including reducing the number of vans and employees, in an attempt to maintain the expenses at a lower level. He said that in spite of these cuts our costs have continually increased.

8. Financial Services Lease - Authorization of Pre-Bid Conference

Resolution approving lease
specifications and authorizing a
pre-bid conference for the Financial
Services lease.

Commission Tsougarakis requested permission to abstain from voting on this item.

Commissioner Bernstein asked why savings and loans have been included.

Ms. Gittens said she could not respond to the rationale five or six years ago but as the memo to the Commission indicated staff is looking for certain kinds of services and savings and loans can perform those services.

Commissioner Bernstein thought he would have a conflict of interest with the inclusion of savings and loans.

Mr. Garibaldi asked Commissioner Bernstein to give him the details after the meeting and he would advise him as to whether or not a conflict of interest exists.

Mr. Turpen said that at the time the item was first bid Citicorp was just coming into California. He said that possibly at the time this was first bid savings and loans, based on the law, could not provide the services staff wanted provided at the Airport. He said that the law has since changed dramatically.

Mr. Turpen said the item would have to be put over for lack of a quorum.

The following items were unanimously adopted.

9. Lease of Hosiery and Related Gifts/Authorization to Receive Bids

No. 85-0096 Resolution approving leasehold specifications and authorizing Director to receive bids for the lease of hosiery and related gifts in the North Terminal.

Commissioner Bernstein asked how much in gross revenue staff feels this concession will generate.

Ms. Gittens responded that staff feels it will generate approximately \$250,000 in gross revenue.

Commissioner Bernstein asked what the rental would be.

Ms. Gittens responded that the minimum rental will be \$40,000.

10. Authorization to Receive Bids for Lease of "Forget-Me-Not" Shop in the North Terminal Building

No. 85-0097 Resolution approving leasehold specifications and authorizing Director to receive bids for the lease of "Forget-Me-Not" Shop in the North Terminal building.

Commissioner Bernstein asked how much business staff anticipates this concession will do.

Ms. Gittens responded that it is anticipated that this concession will do approximately \$500,000; the minimum required is \$100,000.

Commissioner Goosby asked if items 9, 10 and 11 were small business set asides.

Ms. Gittens responded that Hosiery and Related Gifts and the Crab and Seafood Kiosks were small business set asides but the Forget-Me-Not Shop is not.

11. Authorization to Receive Bids for Lease of Crab and Seafood Kiosks in the North Terminal Building

No. 85-0098 Resolution approving leasehold specifications and authorizing Director to receive bids for the lease of crab and seafood kiosks in the North Terminal Building.

Commissioner Tsougarakis asked what the minimum would be.

Ms. Gittens responded that the minimum would be \$65,000.

Commissioner Goosby asked why staff was requiring a live tank.

Ms. Gittens responded that staff felt it would enhance the appeal and attractiveness of the store. Staff wanted this in the original lease but felt it would be too expensive. Since that time it was discovered that the cost would only be about \$2,000 - \$3,000.

Ms. Gittens said that in the previous operation the water was drained into a bathroom sink which was determined to be unhealthy and unpleasant. The \$2,000-\$3,000 will provide for their own outfall.

Commissioner Fleishell suggested that the lease contain a provision to keep the tank clean.

Commissioner Goosby said that in 1982 the Commission adopted a small business definition calling for \$500,000 for an individual or \$2-million for a joint venture. He said that the Commission might want to consider raising the \$500,000 minimum to \$750,000 or \$1-million.

Commissioner Goosby said it was his understanding that in some of the discussions on the South Terminal Principal Concessionaire and other leases that the small business policy will eliminate bidders grossing \$1-million. He did not think the definition should complicate the Airport's efforts to reach the City's goal of 30 percent minority participation.

Commissioner Goosby said that he would not be averse to developing strong minority businessmen. He said that if a minority businessman is grossing \$2-million a year he had difficulty in not allowing that individual to bid on a concession on the grounds that he is getting too big for a minority business.

Ms. Gittens explained that Commissioner Goosby is referring to the South Terminal Principal Concession bid where staff said that subcontractors have to be small businesses. She said there are at least two minority firms that would not qualify as small businessmen; they would have to bid either as a prime or joint venturer. She said that there were no restrictions made on the joint venture.

Commissioner Goosby said he did not recall the Commission approving a requirement of small businessmen as subcontractors for the South Terminal Principal Concession Lease.

Commissioner Bernstein said that any store doing \$1-million a year is not a small business.

Ms. Gittens said the Commission will receive a summary of the prebid conference with staff recommendations later on in the week. She said that some of the items will be left open, such as this one, as a basic philosophical decision of the Commission.

12. Rental Credit to Host International, Inc.

No. 85-0099

Resolution approving rental credit to Host International, Inc. for improvements done in the International (Central) Terminal pursuant to Resolution No. 83-0114.

In response to a request from Commissioner Bernstein for clarification on this item Mr. Yuen stated that when the Airport decided to add the control tower to the International Terminal the structural beams and columns necessary to support the tower went through Host facilities. Staff decided that instead of having the City remodel the interior of those facilities we would have Host do it under their own contract when they renovate the restaurants. Mr. Yuen said Host could do the work faster, cheaper and the quality would be better with their own renovation.

Mr. Yuen explained that in 1985 the Commission gave their approval to drop the restaurant and that is why the rental credit has dropped from \$300,000 to \$79,000.

Commission Fleishell asked why \$79,000 was spent on a facility that we decided not to restore.

Mr. Yuen responded that \$43,000 was for life safety items such as fire sprinklers, fire alarms and smoke detectors in addition to some design fees.

Mr. Turpen added that the tower was not a part of the original terminal design. The tower was to go in the garage at an expenditure of \$9-million. He explained that the FAA decided they needed more space for the tower. Mr. Turpen said that although this alternative was cheaper, after the design change was made it was discovered that beams would have to go through the restaurant in order to provide the seismic bracing necessary for the new tower. This \$70,000 is the result of that action. Mr. Turpen said they knew when the decision was made to put the tower on top of the Central Terminal that there would be an impact upon the restaurant.

13. Award of Airport Contract No. 1493
Overlay & Reconstruct Taxiway "A" at Boarding Area "A"

No. 85-0100 Resolution awarding Contract No. 1493
to W. G. Lewis, Inc., in the amount of
\$383,995.00.

Eight bids were received on February
21, 1985 ranging from \$383,995.00 to
\$452,375.00.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

14. Declaration of Emergency - Water Lines Repair
Airport Contract No. 1640

No. 85-0101 Proposed resolution declaring the
existence of an emergency in the
failure of a water main near Taxiway

"S", and a fire main at Plot 41; directing the Director of Airports to effect the necessary repairs and requesting the Controller to certify funds needed to effect such repairs.

Water lines repairs - \$70,000.00.

15. Award of Airport Contract No. 1585R
Emergency Fencing Repair

No. 85-0102

Resolution awarding Contract No. 1585R to Oakland Fence Company, Inc., in the amount of \$25,722.44.

Two bids were received on March 11, 1985 ranging from \$25,722.44 to \$47,016.00.

16. Bid Call - Airport Contract No. 1568
Paving the Center of Garage

No. 85-0103

Resolution approving the scope, budget and schedule for Airport Contract No. 1568 and authorizing the Director of Airports to call for bids when ready. The purpose of the contract is to pave the center area of the garage to provide parking for approximately 80 taxicabs.

Contract time is 60 calendar days.

Commissioner Goosby asked that since they will now be in the center of the garage will the taxicabs snarl up traffic during exiting.

Mr. Fein responded that the entrance and exit to the garage will remain in the same locations. He said that instead of storing taxicabs in the garage with other autos they will now be in a separate area. This will give the Airport additional space for the public and will separate the public operation from the taxicab operation.

Commissioner Goosby said that this new location would enable the Airport to separate the management responsibility for taxicabs from the management of the garage operation if the Airport so desired.

17. Bid Call - Airport Contract No. 1514
International Terminal New Janitor Sinks and Booster Heaters

No. 85-0104

Resolution approving the scope, budget and schedule for Airport Contract No. 1514, and authorizing the Director of Airports to call for bids when ready.

The construction schedule is 55 calendar days.

18. SFO Shuttle Bus Service Agreement No. 68252, Modification No. 3

No. 85-0105

Resolution approving an increase in SFO shuttle bus service hourly rate, reflecting periodic increases during 1984 and Union Agreement wage increases effective January 1, 1985, and payment of such increases retroactive from March 1, 1984 through December 31, 1984 and for the period January 1, 1985 through March 31, 1985.

Commissioner Tsougarakis asked what effect would the increase in the hourly rate have on the budget.

Mr. Fein explained that the approximate cost, an increase of \$260 a day, or \$80,000 a year, had been included in the new budget for the entire year.

19. Estension of Time for Jordan/Avent Associates Contract

No. 85-0106

20. Request for Approval of Travel/Training for Airports Commission Representatives

No. 85-0107

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

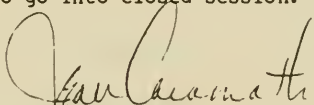
K. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

M. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:10 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

APRIL 16, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

April 16, 1985

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Minutes
of the
Airports Commission Meeting

April 16, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:	Commissioners Morris Bernstein, William K. Coblentz, Z. L. Goosby, Athena Tsougarakis
Absent:	J. Edward Fleishell

* * *

C. ADOPTION OF MINUTES:

The minutes of the meeting of March 19, 1985 were adopted by order of the Commission President.

No. 85-0118

* * *

D. SPECIAL ITEM:

The following item was unanimously adopted.

1. S.F.I.A. Police Officer of the Year Award for 1984

No. 85-0117	Resolution naming David Ross as S.F.I.A. Police Officer of the year for 1984.
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Jason Yuen, Acting Director of Airports, congratulated Officer David Ross on winning the award and commended him on his excellent performance and dedication to duty.

Commissioner Bernstein said that Officer Ross typifies and exemplifies the department. He thanked him for his efforts and said the occasion was a rewarding one for all.

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E. DIRECTOR'S REPORTS:

2. Valet Parking - Status Report

Status report on valet operations and survey questionnaire.

Mr. Yuen asked Sheldon Fein, Assistant Deputy Director for Landside Operations, to give a brief summary on the status of the valet parking operation.

Mr. Fein said that as a result of negotiations that have been conducted with the unions and employees of the valet operation he believes staff has come up with a cost savings program that will allow the Airport to continue the valet operation at its present cost and breakeven. He said he would like to continue the program for the next six months and survey the valet users to determine those operational items that can be changed allowing the operation to reduce costs and perhaps attract additional patronage.

Commissioner Tsougarakis asked what the changes are that will reduce the costs by 40 percent.

Mr. Fein responded that the van service which transfers passengers from the garage to the terminal is primarily half the cost. He said that the valet operation keeps an employee on duty 24 hours a day to transfer passengers by van to the terminals however a good number of the people using valet walk from the valet area through the tunnel over to the terminal. Elimination of that service would reduce the cost of the operation from \$16 to \$10. He felt that with that cost savings people using valet might be willing to forego the van service.

3. Free Baggage Carts in Customs: Week 5 Report

Report on summary of five weeks of trial period for free baggage carts in Customs.

Mr. Yuen said that this is the regular report on the trial of free baggage carts in the Customs area. He explained that the trial shows that for every two passengers one free cart is given away. He said that the operation has been going very well and we have been able to meet the demand for carts even during the busiest hours.

Commissioner Goosby asked what the Mayor's concerns were.

Angela Gittens, Deputy Director for Business & Finance, said that the Mayor was concerned about those passengers who did not have money, either American or foreign currency, and would not be able to purchase a cart. Ms. Gittens said that she could assure the Mayor that the system is currently set up to provide a free cart in the event a passenger has no money, or exchange foreign currency in the event a passenger does not have American currency. She said that the Mayor felt that under those conditions she could not see that it was really worth spending \$500,000 to provide free carts to everyone.

Commissioner Bernstein said that he, too, was at the meeting with the Mayor and she objected to the apparent cost of the operation.

Commissioner Goosby said that Smarte Carte has tried to have an attendant in Customs at all times to provide foreign currency exchange and he was not satisfied with the reasons as to why it did not work.

Ms. Gittens replied that the Airport had put CitiCorp in Customs to exchange foreign currency but Customs asked them to leave. She said that Smarte Carte always has an attendant present to make change. She said they were also exchanging foreign currency after CitiCorp was removed. Ms. Gittens felt this should be tried again because in addition to the need for change for carts passengers also need American currency to pay customs. She explained that right now passengers have to leave their baggage in Customs, go across to the foreign exchange facility and then return to Customs.

Commissioner Tsougarakis thought that something should be incorporated into the financial services lease.

Ms. Gittens said that this was not a problem with CitiCorp; it was a problem with Customs.

Commissioner Goosby asked if that problem had been resolved.

Ms. Gittens responded that although staff has not tried again she thought it could be resolved.

4. Status Report on the Peninsula Mass Transit Study

Status Report on Peninsula Mass Transit Study looking into rail improvements on the Peninsula being conducted by the Metropolitan Transportation Commission.

Mr. Yuen explained that this was a summary of the Peninsula Mass Transit Study previously sent to the Commission.

Mr. Fein said that the Metropolitan Transportation Commission (MTC) hired a consulting firm to do studies which will include benefit cost analyses of eight different options of transportation systems on the Peninsula. This consultant's report is based on their findings of the cost benefits of each system.

Mr. Fein explained that MTC holds public hearings on their reports. The MTC staff reviews the report and goes back to the Commission. This process enables the MTC staff to narrow down their study to two or three of the main areas of interest. Further studies are then made on those particular areas.

Mr. Fein said that an additional \$270-million would be needed to extend BART from the West of Bayshore into the garage. He also asked MTC to come up with a cost estimate for a people-mover system to carry passengers to the terminals in the event BART remained West of Bayshore; that estimate was \$150-million. The consultant has recommended that a bus service be provided between the West of Bayshore and the terminals and that the Airport run the bus service.

Mr. Fein added that there will be an additional six to nine months for detailed engineering studies of the three options that MTC wants to pursue. The final report won't be available for another year. He said that City agencies receive copies of these studies and staff discusses each study with those agencies.

Commissioner Goosby felt that City agencies should begin preliminary study and planning on how to use that land. Those agencies could then suggest changes or raise concerns to the MTC about how their plans would impact what the City wants to do with that land.

Mr. Fein said that the City is kept up to date and there is a City study group composed of the Real Estate Department, the Airport, Muni Railway, and City Planning.

Mr. Yuen said that this is a part of the master planning and Howard Freidman, who is doing the Master Plan, is working closely with these people. He said that staff is also coming up with a proposal for the land West of Bayshore and we will merge the two.

Commissioner Goosby said that he was not aware that the Airport was coming up with a plan. It was his understanding that the West of Bayshore property was excluded from the Master Plan.

Mr. Yuen said that it was included. He said that the property is going to be transferred to the City but because of the close proximity and potential impact to the Airport we should be involved.

Commissioner Goosby said he assumed that it would be handled by the City Real Estate Department.

Mr. Yuen replied that the Airport has not yet officially transferred the property even though the Commission has authorized the Director to do so. We are holding off until we first decide what we want to do with the property.

Commissioner Tsougarakis asked to receive another report prior to the next meeting so that the Commission could input for the public hearing, if appropriate.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Bernstein said he believed that compensatory time should be investigated and studied to see if there could be a resolution to the problem. He said he could understand certain classifications, such as plumbers, policemen, carpenters, and secretaries earning compensatory time but not executives or departments like the Art Department or Business and Finance. Commissioner Bernstein asked for an interpretation of the rules from Mr. Garibaldi.

Mr. Yuen responded that he would pass Commissioner Bernstein's concerns on to Mr. Turpen.

Commissioner Coblentz said that staff should also look at the consistency with other departments of City government.

Mr. Yuen said staff would provide a full report on procedures that the Airport follows in this respect.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted. Commissioner Tsougarakis was excused from voting on Item #5.

5. Financial Services Lease - Authorization of Pre-Bid Conference

No. 85-0116	Resolution approving lease specifications and authorizing a pre-bid conference for the Financial Services Lease.
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Mr. Yuen said this item requests approval of the specifications for the financial services lease and authorizes staff to hold a pre-bid conference.

Commissioner Coblentz felt that the Airport should provide multiple ATM services. He said that the Versateller that he uses is linked to a plus system which is a consortium of banks. He said that two or three ATM services would offer broad coverage and be helpful to people who come to the Airport. He felt that it was very important.

Ms. Gittens said that staff intended to bid out several ATMs in addition to the bank that wins this particular lease. She said that space has been set aside in the South Terminal for a financial services area which will include ATMs.

Commissioner Coblentz suggested that the wording "ATM services sponsored by multiple financial service institutions would be preferred" be used.

Ms. Gittens said the staff had considered, in terms of the specifications, requiring a minimum level of cardholders so that we make sure we blanket as much potential passenger participation as possible.

Commissioner Goosby said the lease specifications should also provide a booth in the Customs area, pending approval by Customs.

Ms. Gittens suggested doing that through the foreign currency lease rather than through the financial services lease.

Commissioner Coblentz asked if most airports have just a single financial service area.

Ms. Gittens responded that there are only about five airports that have banks but some may have a separate foreign exchange, like Miami.

Commissioner Coblenz left the meeting at the call of this item and was absent for its vote.

6. Award of Airport Limousine Service Lease

No. 85-0108	Resolution awarding Airport Limousine Service Lease to Associated Limousine Operators of San Francisco.
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Commissioner Goosby asked if staff was satisfied that Associated Limousine would get the requisite permits.

Ms. Gittens said they were.

There were two votes on the following item. The first vote unaimously approved the specifications, as amended, with the exception as to the amount of money to be spent for capital improvements. The second vote approved the specifications solely with regard to the amount of capital improvements. Commissioner Tsougarakis cast the only dissenting vote on this portion. Commissioner Coblenz returned during the discussion of this item and was present for its vote.

7. South Terminal Principal Concession Lease - Authorization to Bid

No. 85-0109	Resolution approving contract documents for Principal Concession Lease and Agreement for Retail Merchandising Sales in the South Terminal Building and authorization to bid.
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Commissioner Bernstein asked Mr. Gary Hahn and Mr. Tom McLaughlin, to address the Commission.

Mr. Gary Hahn, Vice President and General Manager of the San Francisco Retail Operations of Duty Free Shoppers, introduced Mr. McLaughlin, Manager of Business Development for Duty Free Shoppers. Mr. Hahn said Mr. Turpen and his management staff did a very professional job in preparing the document. Duty Free's input and the input of other prospective concessionaires was solicited and seriously considered at the pre-bid meeting and subsequent sessions.

Mr. McLaughlin said he wanted to discuss four issues that he felt were important. The first item he commented on in the proposed lease is on page 22, section 701 dealing with the minimum level of leasehold improvements required in the development of facilities in the South Terminal. He said that Duty Free believes that \$150 per square foot is too high even though they have spent that much or more in the development of facilities in the Central and North Terminals. He explained that in the Central Terminal Duty Free was trying to develop a gateway-type of operation. The facilities in that terminal had to have a certain ambience and look to them. The costs in the North Terminal escalated higher than anticipated due to the short amount of time they had to complete the facilities plus the extensive amount of demolition that was involved. He said that these situations don't exist in the South Terminal. The South Terminal's square footage, if done at \$150 a square foot would result in an investment of about \$1.8-million. He said that Duty Free felt that combined with the financing costs, the inventory and the staffing costs that are connected with the number of stores and the amount of

area would make the concession less appealing financially than it ought to be to sponsor good bidding. He proposed that a \$125 per square foot minimum investment be established. That would mean \$300,000 less in required capital improvements. He believed that there are adequate protections already in the lease, such as the Design Review Committee, to insure that the right kind of design is done. Mr. McLaughlin felt that \$125 per square foot is enough to do a first class type facility and the reduction can make a big difference in the financial appeal of the lease.

The second item Mr. McLaughlin brought up is on page 18, section 5.02 and deals with concession fees. He said Duty Free would like to propose a two-tiered concession fee as opposed to the existing proposed 20 percent across the board. He said that would mean 15 percent of gross on the newsstand and bookstore related items and 20 percent of gross on all other items.

Mr. McLaughlin said that the passenger mix in the South Terminal will be primarily commuters and short haul traffic. These passengers traditionally buy heavily in newsstand, sundry, and bookshop-types of items. He said it is clear from the language in the lease that the intent is to develop a very broad assortment and wide merchandise selections. He explained that there is not much margin in bookshop, newsstand and sundry-type items and he felt that consideration should be given in those areas in order to promote a broader assortment of merchandise. Mr. McLaughlin felt that given the gross margin of the items and the apparent desire for the selections, he felt it might be reasonable to look at a two-tiered structure. He said that this is done in other airports such as Ft. Lauderdale, Washington and Oakland.

Commissioner Coblenz asked what was being charged in the newsstands in the North Terminal.

Mr. McLaughlin responded 20 percent. He felt that the mix of the newsstand, books and sundries will be disproportionately high which drives down the margin for the concessionaire.

Mr. Hahn said the third item was on the sublease requirement. He recommended a 25 percent sublease requirement which is currently the practice in the Central and North Terminals news, gift concessions. He said that overall, to a principal concessionaire, the South Terminal offers less appeal financially than the Central or North Terminals. He felt that the 25 percent level makes the concession offering more viable.

Commissioner Tsougarakis asked for clarification of Mr. Hahn's statement.

Mr. Hahn explained that this had to do with the minority participation. He said that in the North Terminal it is 15 percent for MBE and 10 percent for WBE, and, in the Central Terminal, it is 25 percent of the space divided up with MBE, SBE and WBE.

Mr. Hahn said the fourth item was the chewing gum issue. He felt that chewing gum should be included in the approved product list without the rider that states "subject to Commission right to exercise prohibition at a later date." Their early projections indicate that the winning concessionaire could generate approximately \$145,000 in gum sales in the first year.

Commissioner Tsougarakis asked how much it would cost to clean up the gum.

Commissioner Coblentz said he was the first to raise the question about chewing gum and the cost of cleaning and maintenance. He said that the argument is twofold: the loss of revenues to the concessionaire and the desire of the public to have chewing gum when they travel on planes. He said that the question could be raised as to why the airlines don't supply chewing gum to their passengers.

Commissioner Coblentz said you must look at the cost versus the income. He said there has been a dichotomy of input on this Commission but he does not want to foreclose the right to raise the question again on chewing gum.

Commissioner Goosby agreed with Commissioner Coblentz' desire to maintain the Airport's flexibility.

Mr. Hahn said that as a prospective concessionaire his concern is that if gum is permitted and then later on withdrawn that there would be some adjustment formula that would allow them to appropriately reduce the guarantee, recognizing the loss of the revenue from that product.

Commissioner Coblentz said he would not be against that, subject to arbitration.

Commissioner Tsougarakis said it could be subject to a relative percentage of loss of revenue.

Commissioner Bernstein said he didn't see how you could enforce a prohibition against chewing gum. People bring it in.

Commissioner Coblentz said that was not the same as selling it on the Airport.

Commissioner Tsougarakis asked how much it costs the Airport to clean up chewing gum from the carpet.

Dennis Bouey, Deputy Director of Facilities, Operations and Maintenance, said it was close to six figures. He felt that more important than the amount was the esthetic impact on the carpet. He said it takes a lot of manpower to remove the gum and their best efforts never manage to remove it all.

Mr. Hahn pointed out that the Phoenix Airport at one time prohibited the sale of chewing gum and had so many complaints that they are now selling it again.

Commissioner Coblentz then commented on the language in the lease which precludes intra-company transfers. He said that is a standard part of any lease.

Ms. Gittens said that the issue here was that, except for architectural fees, the concessionaire could not include intra-company charges in counting up the \$150 per square foot capital investment.

Commissioner Coblentz, referring to number 19, said these were consignments.

Ms. Gittens responded that was subject to approval.

Commissioner Coblentz said he did not think they need approval. If it's in the company they are primarily liable.

Commissioner Goosby asked for clarification.

Commissioner Coblentz explained that if the lessee has the concession and they give it to a subsidiary, as long as the lessee is primarily liable on the lease anyway and the subsidiary is there you don't need any consent.

Commissioner Bernstein said he did not object to the request to reduce the cost of fixturation from \$150 to \$120.

Ms. Gittens said that in the International Terminal \$167 was spent.

Mr. Hahn said that Duty Free spent about \$170 in the North Terminal which included a lot of demolition.

Commissioner Coblentz said that the architectural review by Mr. Yuen and Mr. Freidman should be sufficient.

Ms. Gittens said staff is counting on an outfit like Duty Free which has a lot of experience at San Francisco International Airport; they know what we want, they have very high standards and spend a lot of money. She felt that setting a dollar limit clues the potential concessionaire into the kinds of standards we have before they get to the design review. She said that staff could lower the amount to \$125 but not include intra-company architectural engineering.

Commissioner Bernstein asked how staff arrived at \$150. Macy's spends about \$40 per square foot.

Mr. Yuen said Duty Free spent \$165 in the Central Terminal.

Mr. Hahn said there are a lot of facilities, physical locations that have to be done in the South Terminal. He said that means there are going to be a lot of overhead expenses that you don't have in a central facility where you have economy of scale.

Ms. Gittens said she would like to change the specifications today and asked if it was to be \$125 with no allowance for intra-company architectural engineering fees.

Mr. Yuen said he thought it would be simpler for bookkeeping purposes to exclude the architectural fees and the interdepartmental staff time and that kind of cost.

Commissioner Goosby asked if Duty Free would have to spend \$125 with the architectural fees to be over and above that amount.

Mr. Yuen responded that \$125 would be just the construction and fixture fees and would not include architectural fees.

Commissioner Goosby complimented staff on the survey they did so expeditiously and efficiently, and Duty Free on the great success they have given this operation and the integrity with which they have attempted to carry out the spirit of the lease.

Commissioner Bernstein said the next point was 15 percent gross on the sundries.

Commissioner Coblentz said that TWA, Western and Continental were not commuter lines.

Commissioner Goosby said there are other airlines that are going to carry passengers beyond a commute distance.

Mr. Hahn said that Air Cal was also thinking of moving to the South Terminal.

Commissioner Coblentz said that Air Cal and Alaska are very small but TWA and Western are very substantial tenants.

Mr. McLaughlin said he thought that the commuter lines accounted for about 40 percent of the total passenger movement for departures.

Commissioner Bernstein asked what the 15 percent will do to the overall mark-up. He asked if the price would be lowered.

Mr. Hahn said that Duty Free would continue to set their prices based on the market basket that is indicated in the lease and the prices would be slightly lower.

Mr. McLaughlin said that books and newspapers, for example, are sold at cover price. He said that the sundries area is generally within the neighborhood of an 18 percent margin going up to a 10 plus 10 with rebate up to a 20. Sundries can be as low as 18, 20 to 25 percent.

Commissioner Tsougarakis asked if Duty Free could guarantee that books and magazines would be sold at the cover price.

Mr. McLaughlin responded that the lease states that those items must be sold at cover price.

Commissioner Bernstein said he would be in favor of lowering the rental if the prices were lowered.

Commissioner Tsougarakis felt that the point Duty Free was trying to make was reasonable.

Ms. Gittens responded that that fact can be reflected in the bid itself. She said that bidders know what we know in terms of the projected character of that terminal and that should be reflected in what they think they can make.

Mr. McLaughlin said Duty Free did consider that and it can be done but felt it might be disadvantageous to the Airport to do it that way. It gives you a lower number to start in as a bid guaranteed number.

Commissioner Coblentz said he was worried about being whipsawed between various concessionaires. He said that the Airport would be making an allowance in this instance because of commuters and wondered what the next allowance would be for. He said he does not necessarily believe in consistency but the Airport could be put in a peculiar position.

Commissioner Goosby agreed with Commissioner Coblentz saying it could compromise the Airport's position with the airlines.

Ms. Gittens said that the Airport has had trouble in the past with a multi-tiered system of percentages. We were under arbitration and had to get our lawyers to try and settle the case with another concessionaire. She said this starts to invite trouble and is a compelling reason not to enter into it.

Mr. Yuen added that in the future when airlines are relocated or when an airline's traffic changes, for example, if United Air Lines increases their commuter traffic, we would have a problem.

Commissioner Coblentz suggested that staff keep the percentage rates as they are.

Commissioner Goosby agreed.

Commissioner Goosby said he received a letter from Asian, Inc. and comments from the community that the Airport try to adhere to what the City policy is and set 30 percent MBE and 10 percent WBE. He said he did not think he had the votes on the Commission to do that and was prepared to agree to 20 percent and 10 percent.

Commissioner Bernstein said he did not care what the number was as long as the Airport got capable merchants.

Commissioner Coblentz said that he understood that under Section 1302 the lessee agrees to put forth their best efforts for a 20 percent MBE and 10 percent WBE. He asked what it was for the Central Terminal.

Ms. Gittens responded that the Central terminal was broken up into women, minority and small business. She believed it was 15 for MBE, 5 for WBE and 5 for SBE for a total of 25 percent.

Commissioner Tsougarakis said that the Airport is slightly behind in its goals and we have to be realistic about that.

Commissioner Goosby commented that that was the reason for granting this figure. The Airport is trying to raise it to more readily meet the new City goal.

Ms. Gittens said that staff had agonized between the 40 percent that we would need to meet the ordinance, and the 25 percent of our past experience and came to the conclusion that 40 was too high. She said staff felt there would be a lot of resistance to 40 in this particular contract, but the 25 would not do enough for us.

Commissioner Bernstein asked Mr. Hahn when Duty Free subleases space to a minority merchant does Duty Free do any training to help the merchant.

Mr. Hahn responded that they did train.

Commissioner Bernstein said that the program will not be successful until people are trained to be retailers.

Commissioner Goosby said the Commission just received copies of a survey completed by staff indicating that Duty Free also co-signs notes with the merchants so that they can get loans from the bank in order to buy their merchandise. He said he was surprised at the amount of assistance the lessee receives from the principal concessionaire in the various aspects of setting up their businesses.

Commissioner Coolentz said as he understood it staff was going to keep the provision on the rent payment, keep the terms on the best efforts on minority and WBE and reduce the construction cost to \$125.

Commissioner Tsougarakis asked if the \$125 would include the architectural fees.

Ms. Gittens responded that it would.

Commissioner Coblentz said there will be an architectural review by staff.

Commissioner Tsougarakis said she would go for \$135.

Commissioner Bernstein felt it was too high.

Mr. Yuen said Skip Conrad indicated that they spent \$189 two years ago in the Central terminal.

Commissioner Coblentz moved that the specifications, with the exception as to the amount of money to be spent for capital improvements, and the amendments as suggested be approved. There was unanimous approval.

Commissioner Coblentz then moved approval of the specifications solely with regard to the amount of capital improvement.

Commissioner Tsougarakis cast the dissenting vote.

Mr. Hahn thanked the Commission for allowing Duty Free to make their comments.

The following item was adopted by a 3-1 vote with Commissioner Bernstein casting the dissenting vote.

8. Lease for Sunglasses Kiosks in the North Terminal

No. 85-0110

Resolution authorizing award of lease for sunglasses kiosks in the North Terminal.

Commissioner Bernstein said that as a matter of principle the Commission should not pass anything that has one bid. He also said that the comment that the Airport is getting more money is misleading because a second branch is opening up. He said that the Airport is not getting more money for one branch. He suggested that they might be bid individually instead of as one.

Mr. Yuen said that in all fairness to Ms. Gittens' staff they did put in a very strong effort to get more bids on this lease. He said that 15 companies attended the pre-bid meeting but only one sent in a bid.

Ms. Gittens said one reason is that sunglasses may not be that hot an item for people to try to get into. Secondly, she explained that it is coming at a time when we have quite a few bids coming up and to some extent we seem to be dealing with a fairly limited pool of concessionaires. She said there were no restrictions on this bid as to size. Potential bidders seemed to be gearing up for the North Terminal bids and potential consideration as a subtenant in the principal concession bid. She said that this just had the least interest.

Commissioner Bernstein asked how much business was done in that one location.

Ms. Gittens responded that their gross was \$130,000.

Commissioner Bernstein said that \$130,000 in sunglasses is really not a small business.

Ms. Gittens explained that this was not a small business set aside; it was open to any bidder.

Commissioner Bernstein was astounded by the fact that there was only one bid. He asked if any additional effort was made to get other bids.

Ms. Gittens said that the Airport's outreach officer contacted quite a few people, ranging from small to large concessionaires, and they indicated they were not interested in the concession.

The following item was unanimously adopted.

9. Award of Contract 1508
Glass Windscreens at International Terminal and Connectors

No. 85-0111 Resolution awarding contract to
Cobbledick-Kibbe in the amount of
\$153,883.

Mr. Yuen said several months ago the Commission authorized staff to solicit bids to install a glass windscreen in front of the International Terminal and the connectors. He recommended that the contract be awarded to the lowest bidder for \$153,000.

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

10. Resolution Correcting Typographical Error in Resolution No. 85-0075
Adopted by Commission on March 19, 1985

No. 85-0112 Part of the contractor's name, Monroe
Schneider Associates/328, Inc., was
omitted in Resolution No. 85-0075.

11. Bid Call - Airport Contract No. 1638
Emergency Pavement Repairs (1985-86)

No. 85-0113 Resolution approving the scope, budget
and schedule for Airport Contract No.
1638 and authorizing the Director of
Airports to call for bids when ready.
The purpose of the contract is to
furnish emergency pavement repairs on
an as-needed basis.

12. Bid Call - Airport Contract No. 1631
Replacement of 10-Inch Effluent Line at Industrial Waste Treatment
Plant

No. 85-0114 Resolution approving the scope, budget
and schedule for Airport Contract No.
1631 and authorizing the Director of

Airports to call for bids when ready.
The purpose of the contract is to
replace a section of 10-inch effluent
line at the Industrial Waste Treatment
Plant.

Construction time is 30 calendar days.

The Art Exhibition trip received unanimous approval. The other three
trips were put over.

13. Request for Approval of Travel/Training for Airports Commission
Representatives

No. 85-0115

Commissioner Bernstein asked about the Tax Exempt Transportation
Financing at Hilton Head.

Ms. Gittens explained that it was a seminar being put on by Standard
& Poors on tax exempt transportation financing. She said that the
new federal rules on industrial development bonds have carved out
certain kinds of financing from consideration under the new
restrictions. It appears that certain transportation, including
parking facilities at airports, are in this excluded category. If we
could qualify for this excluded category we would not be subject to
the arbitrage restrictions and some of the other restrictions that
would apply on all of our other future financings.

Commissioner Coblentz said that if some investment house was doing
it, he would look on it with some skepticism, but Standard & Poors is
objective and a non-underwriting agency.

Commissioner Bernstein asked if the Airport received this advice from
our underwriters.

Ms. Gittens responded that the Airport gets advice from our financial
advisors and from our bond counsel.

Commissioner Bernstein asked for clarification of the trips for art.

Mr. Yuen said that he was not very knowledgeable about these trips
and suggested the Commission wait for Mr. Turpen's return for a full
explanation.

Ms. Gittens noted that the first trip is scheduled for May 8 and the
next Commission meeting is not until May 7.

Commissioner Coblentz suggested that the Commission authorize the art
exposition trip scheduled for May 8 and postpone the others.

Ms. Gittens made a final point and said that the Commission might
want to take into consideration the fact that discounts can be
received if airline tickets are purchased 30 days in advance of
departure.

Commissioner Coblentz suggested making the reservations to be
eligible for the discount and then, if need be, they could be
cancelled later.

I. CORRESPONDENCE:

There was no discussion of correspondence.

* * *

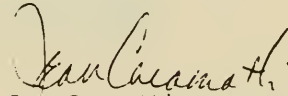
J. TRAILING CALENDAR:

There was no discussion of trailing calendar items.

* * *

. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:12 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

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SAN FRANCISCO AIRPORTS COMMISSION



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ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

**San Francisco International Airport
San Francisco, California 94128**

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Airports Commission

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Minutes
of the
Airports Commission Meeting

May 7, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Morris Bernstein
William K. Coblentz
Z. L. Goosby
Athena Tsougarakis

Absent:

J. Edward Fleishell

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 5, the reconvened meeting of 7, 1985 and the regular meeting of April 2, 1985, were adopted by order of the Commission President.

No. 85-0141

No. 85-0142

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti; Commission Secretary, announced unanimous adoption of Resolution No. 85-0119 and 85-0120 regarding the settlement of litigated claims at the closed session of April 16, 1985.

* * *

E. DIRECTOR'S REPORTS:

1. Free Baggage Carts in Customs - Final Report

Report on the conclusion of the two-month test period for free baggage carts in Customs.

Lou Turpen, Director of Airports, told the Commission that approximately \$88,000 was expended to provide free carts in Customs for a period of two months. He anticipates a minimum expenditure of \$500,000 per year. He said this has been strenuously objected to by the airlines and, absent any other direction from the Commission, he will present a resolution at the next meeting directing staff to negotiate a five-year extension to the existing Smarte Carte lease. He said that the one change he would recommend is to go to an "L" shaped cart design. Mr. Turpen said that Smarte Carte does not have that design but they have committed to providing an alternate cart design for San Francisco. He recommended continuing the pay cart operation in Customs.

Mr. Turpen said that it was staff's intent to include in the extension an option to pursue the concept of free carts in the arrivals area in the future. Smarte Carte will, as in the past, be required to make change in the arrivals area and to provide a free cart to those persons not having the means of securing a cart.

Commissioner Tsougarakis asked if exclusion of the \$500,000 related to the operational expense or the purchase of the carts.

Mr. Turpen responded that it was more to the operational expense and to the anticipation that that cost would increase as our international volume increased.

Commissioner Goosby said he did not think the Commission would approve the \$500,000. He also said he wanted to be sure that the procedures by which Smarte Carte will make change and attempt to facilitate incoming international passengers receiving carts are worked out. He said he never had a clear understanding as to why the change making service did not work out before.

Mr. Turpen said that historically Smarte Carte has made change in Customs and has also provided free carts if a passenger did not have money. He said the system worked very smoothly.

Mr. Turpen said that the subject of free carts was brought up with the Mayor because she was interested in providing that service to incoming passengers. He felt obligated to bring it to the Mayor's attention during the budget process even though the Commission had previously voted to remove that expenditure from the budget.

2. Progress Report on the I-380 Highway Construction Program

Mr. Turpen reported that the construction program is moving along very well. He said that work is presently being done on the southbound access to the Airport from I-380. Caltrans will be working on the viaduct connecting the Airport with I-380 in the northbound direction as well as the I-380 interchange at the north end of the Airport. He said he will continue to keep the Commission advised.

3. MTC Recommendations - Peninsula Joint Powers Transit Agency

Update of latest MTC actions on the SCR 74 - Peninsula Mass Transit Study, recommending the formation of a joint powers transit agency.

Mr. Turpen said that this report is self-explanatory. He said it discusses the West of Bayshore property as it relates to a potential BART station. There has been a suggestion that the counties involved establish a joint exercise of powers agreement; San Francisco, SamTrans, and Santa Clara have all agreed to participate. He said this is the first step in looking at this regional transportation plan. Mr. Turpen said he will keep the Commission advised.

4. Report on Preventive Maintenance System

Report on the Airport's progress in replacing the old Preventive Maintenance System provided by Crothall Systems West and a new in-house system.

Mr. Turpen said that this report was filed by Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, in response to the Commission's direction that staff assume responsibility for the preventive maintenance work order system. He said that the system is now being handled in-house using the proprietary software for Crothall systems. He said that according to Mr. Bouey's report it appears to be working very well.

Commissioner Goosby complimented staff on achieving this goal.

5. Report on Plot 50A Cargo Building Development

Report outlining the status of Plot 50A lease negotiations with recommendations.

Mr. Turpen summarized the report by saying that there were two candidates for Plot 50A: Northwest Airlines and Flying Tiger. Northwest is currently occupying the facility previously owned by Pan Am. Pan Am is a subtenant at that facility.

Mr. Turpen said that after looking at the overall cargo demands at the Airport as well as each of the proposals from the carriers, it is staff's recommendation to proceed with Flying Tiger, subject to certain conditions. He said that the recently announced potential sale of Pan Am's Pacific route rights and equipment to United-Air Lines forecasts a change in Pan Am's operations in San Francisco. If staff is successful in relocating Pan Am's cargo operations this will allow Northwest enough room to operate within that cargo facility. At the same time, Flying Tiger's long planned development of Plot 50A can proceed. Mr. Turpen said that Flying Tiger has generously agreed to provide 40,000 square feet of cargo space to some other carrier, specified by the Airport, which would be of great assistance to the Airport in beginning the redevelopment and master planning of our cargo area. He said that there are a few details in the agreement to be worked out. He anticipated keeping Northwest in its existing

facility and hoped to find an alternate location for Pan Am's cargo operations as he expects them to be significantly reduced in the absence of any trans-Pacific operation. Mr. Turpen said he will come back to the Commission with a further report on this matter.

Commissioner Goosby asked if Pan Am would keep their Hawaii route.

Mr. Turpen said that was correct at this point. He has just received copies of the Pan American/United agreement and has sent the Commission selected portions of that agreement. He said that there are still a lot of questions to be asked.

Commissioner Tsougarakis asked what the timing is on the development of Plot 50A.

Mr. Turpen responded that if there is no objection from the Commission as to the basic recommendation, staff will sit down with Flying Tiger and require that they provide us with a detailed time phasing of their development of the parcel. He said that there is a current EIR on that parcel and it is simply a question of outlining the schedule for its development and relocation of their operations.

Commissioner Tsougarakis thought that the Pan Am/United sale might hinge on this.

Mr. Turpen did not think so, explaining that the sale is least a year away. He said they are only related in that Northwest's operations are increasing in San Francisco and they would like the additional cargo space. Pan American and Northwest, in sharing the facility, impose some difficult constraints on one another. He did not think these constraints were insurmountable in the near term and felt that both carriers could accommodate some interim inconvenience.

Mr. Turpen said there are some other alternatives being explored which might provide some interim relief and staff will continue to work on them. He said there are two phases to this cargo development: One is the master plan, which relates to the major cargo area on the Airport, adjacent to the freeway. Plot 50A is on the backside of the Airport next to JAL and is predominantly a pure cargo operation, as opposed to a combination cargo operation where cargo is made up to go on passenger aircraft. The proximity to the freeway and terminals is advantageous in that regard.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Goosby stated that the Human Rights Commission has a small business definition, which addresses itself to retail outlets, not just construction. He said that the City Attorney, in an opinion he made about three years ago, said that he could substantiate and support a set aside by this Commission, or any City Agency for small business. He assumed the City Attorney had some kind of definition. Commissioner Goosby felt that the figure being used was established four years ago and is outdated. He understood that staff is trying to develop a revised policy. He felt staff should check with the City Attorney and Human Rights Commission to try to come to a consensus on the definition.

Commissioner Goosby was bothered by the fact that the bid would go out this month without being straightened out. He assumed that the Commission agreed with him that their effort to involve minority, local and women businesses is a high priority but the size of the business should not get in the way of trying to implement the MBE and women ordinance.

Commissioner Goosby said he has received several calls from people complaining that they would be eliminated as potential South Terminal sub-tenants because of the \$500,000 figure. He said that HRC's definition is \$2-million.

Mr. Turpen said that at one of his first meetings as Airport Director in 1981 staff put together the small business policy. He remembered how much trouble staff had wrestling with it at the time just trying to come up with the proper numbers. He said staff will be happy to coordinate their activities with HRC and the City Attorney and within 60 days will present a report to the Commission outlining each of their individual positions as well as their recommendations.

Commissioner Tsougarakis asked if this would affect the South Terminal.

Mr. Turpen said that although the South Terminal will be done in three phases he wanted to open the first phase, Boarding Area A, in time for the Thanksgiving Holidays. He explained that this is a little earlier than scheduled but felt that opening it before Thanksgiving was imperative. This meant that the concessions would be operating as well. Mr. Turpen did not wish to delay the South Terminal concession program which would be the result if the Commission put this over.

Commissioner Goosby commented that the specifications cannot be altered once it goes out to bid.

Commissioner Tsougarakis asked for a briefing after the meeting on how long the HRC has had their definition and if the Airport fell under their guidelines.

Commissioner Bernstein asked if Dun & Bradstreet had been contacted.

Ms. Gittens said staff had not contacted Dun & Bradstreet, however, they have reviewed the Small Business Administration policy.

Commissioner Bernstein commented that Dun & Bradstreet had figures on every business in the United States.

Mr. Turpen said there are two questions that need to be answered. First, staff can give the Commission a spread on the number of companies under \$500,000, under \$1 million, etc. Secondly, as on construction contracts, the Airport requires, through our principal concessionaires, a certain percentage of minority participation and women participation by percentage of square footage. The Airport has also required that those participants fall within the small business category. He said that there are two things at work here: first is the definition of a small business, which may be the same; and the second question is do we want to continue, as new principal concessionaire opportunities come up, to require the small business piece.

Commissioner Goosby said he did not recall voting on this and thought that it just crept in.

Mr. Turpen said he remembered that it was in the first one.

Mr. Turpen said that staff will come back to the Commission with a definition. He said that after having made the decision on small business, the Commission must then decide whether or not to continue to

percent of gross. He asked if there has been a dramatic drop in their gross income since the \$500,000 payment was made for 1983-84.

Ms. Gittens responded that there has been a drop, although not a dramatic one, because gasoline prices have dropped. Last year, for example, they grossed \$2-million and this year they are running about \$1.8-million.

Commissioner Goosby said that when they grossed \$2-million a year they paid \$500,000 in rent. He asked if staff felt that was an exorbitant rent and wanted it reduced.

Ms. Gittens responded that Chevron has said that they are not willing to pay, nor is anyone else. As mentioned before she said we could go out to bid with a minimum of \$500,000 and test the market.

Commissioner Bernstein said that the Airport has nothing in the terminals at 10 percent. He said the Airport gets as high as 38 percent, an amount he felt was outrageous.

Mr. Turpen said he would defer to the experience of the Commission and would be happy to set the minimum at any number the Commission wanted.

Commissioner Bernstein said that the percentage remains constant. The Airport received an inordinate rent at 24 percent against gasoline sold at 40 cents. When gasoline went to \$1.40 it became 24 percent of \$1.40.

Mr. Turpen said that the Commission intentionally limited the service station to light repairs and will not be doing the repair services that they have done in the past.

Commissioner Goosby commented that Chevron was not doing much heavy automotive repair work. He said he had made the point that if Chevron could find a way to neatly park the cars they should be allowed to repair anything they want to make money. He made the argument that the more the station makes the more the Airport will make.

Mr. Turpen said that at 24 percent no one was interested, and no one would talk with us. He said staff modified the lease and made a recommendation. The Commission requested a gallonage fee and staff responded with a gallonage fee. He said he would establish a new minimum if the Commission wished or, if the Commission would like to test the market at \$300,000, staff will put it out to bid and see how many bidders respond. He said that if no one submits a bid, staff will keep bidding it until one is received. Beyond that he did not know what else to do.

Commissioner Bernstein felt that the advertising value of the sign at the Airport would be worth \$55,000 a year.

Commissioner Goosby felt that someone was getting a real windfall.

Commissioner Coblenz said that when there was tremendous competition in the oil business, the gas station, in 1968, was meeting the measure of Standard Oil of California. He said that the station offers a tremendous convenience to the Airport. Staff solicited bids from all the major oil companies and, unfortunately, even Chevron was not interested. He said you could talk all you want about the merits of the sign and the advantages of the location but he thought staff

had to put it out to bid as is. He said that if Chevron, Arco, or Texaco really want it they will bid higher. He thought a rent of \$500,000 or \$300,000 was wishful thinking.

Commissioner Bernstein argued that the traffic flow in the Airport is constantly increasing.

Commissioner Goosby referred back to the \$500,000 rent paid to the Airport last year.

Commissioner Coblentz pointed out that that rent was based on a 1968 lease.

Commissioner Goosby argued that they were able to pay it and stay in business.

Mr. Turpen said the bid item was \$70,000 minimum bid. He said that we could get very substantial bids. If we do not, the Commission always has the right to reject all bids. He added that the Airport is currently receiving \$60,000.

Commissioner Coblentz said that staff has been waiting since the end of last year and the Airport is not getting the rent it could be getting. He said that perhaps it could be \$300,000, however, it might only be \$70,000.

Mr. Turpen suggested that staff find out.

Commissioner Goosby said only competitive bidding will drive up the bid amount to what he hoped would be an honest return to the City. He said that if the oil companies are anywhere near collusion they will all stick close to \$70,000.

Commissioner Coblentz said that if there is any evidence of collusion the City and County of San Francisco would have a magnificent antitrust suit. He said that the bids are sealed and they can be rejected if the Commission feels it is not getting the proper amount.

Commissioner Bernstein said he was only pointing out that the service station was formerly willing to pay 24 percent. He said that some of these other items are down to 10 percent and the Airport receives more than 10 percent on every other item sold at the Airport. He said he is willing to let it go out to bid to see what comes in, but unless a satisfactory bid is received and is in accordance with proper business methods he won't accept it.

Commissioner Coblentz said that in his experience in representing a very substantial number of shopping centers, oftentimes a bid is received that is the bellweather of the center. The bid may not be as much as you would like but the concession is there as a convenience to the people who are in the center.

The Commission was unanimously excused Commissioner Coblentz from voting on the following item.

7. Public Automobile Parking Facilities Operating Agreement:
Approval of Operating Agreement and Authorization to Bid Operating Agreement

No. 85-0122

Resolution to approve the Public
Automobile Parking Facilities

Operating Agreement and to authorize putting said Operating Agreement out to bid.

Commissioner Coblentz asked to be excused from voting inasmuch as one of the interested parties has been represented by his law firm.

The Commission gave its unanimous approval.

Commissioner Bernstein asked Dennis L. Roberts of International Business Services, Inc. in Washington D.C. if he wished to address the Commission.

Mr. Roberts said he had a handout which he would leave with the Commission. He said that IBS was invited by the FAA several years ago to take over the management and operation of the automated parking facility at Dulles Airport. Their reaction at that time was that they were a high technology professional services firm and were not interested. They then took a much harder look at Dulles' needs and decided that most traditional parking companies could not accommodate those needs. He said they have been at Dulles for several years and are operating on a completely different plane.

Mr. Roberts said there were three points he wanted to make. The first point had to do with the possibility of this contract being developed as a minority business set aside. The second point had to do with the selection process which they thought was antiquated, inappropriate and probably a blueprint for trouble. The third point was that unless the Airports Commission is willing to take very strong action to change the selection process the problems that he will identify will continue.

Mr. Roberts said that the data his company received from the San Francisco Human Rights Commission indicates that in a community that is 50 percent minority, less than 2 percent of the contracts let city-wide were awarded to minority-owned firms. He said that IBS has some concerns about whether that is not at odds with existing ordinances and laws. Mr. Roberts said there is no way to get from 2 percent to the 30 percent target unless some of the larger contracts are developed as minority business set asides.

Mr. Roberts said that Airport staff has communicated to IBS that because of the size of this requirement this should not be developed as a minority business set aside. IBS believes that it is precisely because of the size of this requirement that this should be a minority business set aside. During the 1981-82 period IBS was told that almost \$1-billion in prime contracts were let. If the City were to set a target of 30, 40 or 50 percent you would be talking about \$300-million, \$400-million or \$500-million being awarded on a prime contract basis to minority owned firms. Mr. Roberts felt that this particular parking contract would be the perfect opportunity for a set aside. He made a strong recommendation that the Commission take action to cut through the nonsense and insist that this be developed as a minority business set aside. He felt that unless some action like that takes place the numbers won't be any better next year.

The second point Mr. Roberts addressed was the selection process. He said that IBS has found that there are some assumptions being made in traditional parking management operations which are false. One of them is that the business of operating a parking facility at an airport, especially if it is automated, is pretty much a trivial, straight forward process, and not very different from what happens when you are buying pencils and ashtrays; you look for the cheapest

number. He said that airports across the country are moving away from the concept of concession contracts and moving towards management contracts. He said that the prequalification questionnaire has only one question that addresses experience and that question addresses duration and extent. He said that the minority business certification questionnaire contains thirty-two questions to demonstrate minority ownership. He suggested that in the questionnaire, contractors address technical and cost proposals. Mr. Roberts said that a process should be established to identify the most qualified contractor, not the one who is willing to offer the cheapest price.

Mr. Roberts said that IBS talked to parking system consultants all across the country and found that there are companies who will hand in very low bids and then find other ways of making their money. The net result is ineffective management, revenue losses and cost potential embarrassment for the City. He argued that once the most qualified contractor is identified the price can then be negotiated. He felt that asking superficial questions about how long a contractor has been in business does not accomplish that.

Mr. Roberts made the final point that the Airport is looking to computerization. He said that the Cerand organization has already developed the specifications to computerize the facility. He said that if staff thinks there are problems now, wait until the system is computerized. The Airport will wish it had taken a closer look at the qualifications of the contractor. He said there is a way to evaluate those qualifications.

Commissioner Bernstein said that the Airport has certain guidelines and rules to follow. He suggested that if IBS is as qualified as Mr. Roberts has indicated there should be no problem, whether they are a minority or not.

Mr. Roberts responded that his point was that if the contract was not a minority set aside then the selection process, as it currently exists, is not designed to identify the most qualified contractor.

Commissioner Bernstein said he was not so certain. If staff can not find the most qualified contractor then we have a problem with the procedure and with staff.

Commissioner Tsougarakis asked to hear Mr. Turpen's position on this item.

Commissioner Goosby said that part of the prequalification procedure is the requirement to fill out the questionnaire as well as the possibility of an interview to determine a bidders qualifications, familiarity with computerized equipment, how personnel problems would be handled, and the training of personnel to work the equipment.

Commissioner Goosby agreed with Mr. Roberts on the minority set aside issue in that if the larger concessions are not opened up to a set aside procedure we will not approach our 30 percent goal.

Commissioner Goosby commented that a prequalifying question is inaccurate in that it requests experience in running a taxi lot. In fact, the Airport only requests that a bidder list any experience he may have. He said that most airports do not have the same type of operation SFO has and it would be unfair to a bidder who has airport experience to be penalized because they don't run the taxi operation.

Commissioner Goosby commented that the City Attorney was looking into a potential conflict of interest in the case of the same company owning Airporter and operating the taxi operation. This was supposed to be taken care of before the Airport Motor Coach Service Agreement went out to bid.

Mr. Turpen said that the agreement is written so that we can remove the taxicabs at any time. He said this was simply a point of information for staff and has no bearing on whether or not a bid will be accepted. He said a clarifying statement to that effect could be added to the questionnaire.

Commissioner Bernstein asked Mr. Gerald Baker if he wished to address the Commission.

Mr. Gerald Baker of Metropolitan Parking said he had written letters to the Commission and assumed they were received. His company operates De Anza parking located in Burlingame and he wished to protest the exclusion of bidders who operate within five miles of the Airport. He feels it is an arbitrary and unwarranted exclusion because, according to statements made by staff at the pre-bid conference, it assumes an improper act before an occurrence. He said that all the documents provide resolutions for this if it were to occur. Mr. Baker asked that this item be removed from the agreement.

Ms. Gittens responded that the issue is to try to prevent abuse not develop penalties for abuse, like removing an operator. She said the five mile limit is primarily designed to avoid potential abuse that would be difficult for staff to catch. She explained that if there were nearby competing lots staff could be shared and efforts could be made to divert business. Ms. Gittens said she was not accusing anyone of being fraudulent but these situations could occur and would be very difficult for staff to detect.

With respect to the MBE set aside, which is a policy decision for the Commission, Ms. Gittens said that the ordinance reflected the very poor past performance of the City in attracting minority and women-owned enterprises. She said that this is the reason the ordinance was passed and why we have 5 percent preferences for minorities and women. She thought that staff needed to test the ordinance further before going to set asides.

Ms. Gittens said there are legal restrictions on the bidding process and thought it important to have as objective a process as possible due to the large and sensitive operation of the Airport. She felt staff would feel much more protected by a bidding process with strict qualification guidelines rather than a so-called negotiation process.

Mr. Turpen said Ms. Gittens has effectively summarized the situation for the Commission. He said that the garage generates approximately 20 percent of the overall revenue at the Airport and is a significant portion of the Airport's business. He said the garage has functioned extremely well in his tenure at the Airport and he felt that the present agreement and the method with which the garage is managed has proven to be extremely effective. He added that all of staffs reviews of the operation and the checks and balances that are in place have proven to be effective.

Mr. Turpen said that when he came before the Commission a few months ago and recommended proceeding, with the full recognition that a computerized operation would be in place in the future, the Commission was supportive of that suggestion. He said some things have come before the Commission today in regard to suggestions, one of them is the process. Mr. Turpen said it was a sound process and he was comfortable with it. He did suggest that instead of a flat fee as the bid item, a percentage of gross be used. He felt that was consistent with some of the other activities at the Airport. He said it also recognizes that the garage rates will increase dramatically over time and he would like the figures to adjust, believing that it will cost more to operate as the business grows.

Mr. Turpen said that in 1979 the garage was making about \$10-million a year; it now makes \$23-million a year. He said there are certain indirect costs, which are difficult to quantify, and the operator should be reimbursed proportionately instead of on a flat fee basis over a period of time.

In response to the five mile rule, Mr. Turpen strongly recommended that the Commission maintain this limit. He was not suggesting there would be any intentional wrong-doing, he was simply saying that whenever two operations are very close together it becomes a simple matter to move employees from one location to another. He explained that this could complicate the bookkeeping because the Airport reimburses expenses through an identification of the number of persons working, the number of hours they work, and their presence at the garage. To allow a company which has a facility and an operation within 5 miles of the garage with a 24-hour operation is creating a potential problem. He said that the Airport can remove a company for that reason but staff wants to set up a business that is going to be viable and continue throughout the term of the lease rather than be put in a position of rebidding.

Mr. Turpen said Ms. Gittens' comments on the MBE were accurate and he would not support an MBE set aside on the garage. He said the City has passed an ordinance which allows a 5 percent bid preference to minority firms as well as a 5 percent bid preference to local San Francisco firms. He said he could not speak for the City but the Airport is probably, by admission of the Human Rights Commission, a leading agency with respect to its commitment to minority business opportunity through contracting, retail concessions and the principal concessionaire. To take 20 percent and artificially limit the number of potential bidders would not be good management. He called the Commission's attention to the recent Airporter contract which is now in the process of being bid. The Commission was once again faced with the decision of whether or not to set aside. Mr. Turpen said that 20 to 25 persons attended the pre-bid conference. Assuming that one-third were qualified as minority-owned firms, that could reduce by two-thirds the available bidder pool and he did not think that was consistent with the Airport's public obligation for a facility the size of the Airport. He said that the programs currently in place recognize our minority obligation and the City's desire to increase minority participation. He feels the programs are excellent and staff is committed to continuing them. His concern was that in eliminating over half the bidders you are impacting the competitive environment.

Mr. Turpen recommended the agreement to the Commission amending the flat fee to a percentage of gross.

Commissioner Goosby asked if staff had a figure in mind for the percentage.

Mr. Turpen responded that that would be the bid item. He reminded the Commission that they directed staff to annually review garage rates vis a vis other garages. If the rates increase, the operator of the garage should receive more in order to recover their indirect costs.

Commissioner Bernstein felt the five mile limit was arbitrary and did not have a place in the contract. He said there is a remedy for wrong-doing. He argued that Host and Duty Free are not subject to a five-mile limit. He said that the facility is being used and people only go elsewhere if they feel the rates are too high or the garage is filled.

Mr. Turpen said he understood and respected Commissioner Bernstein's point but still felt the five-mile limit was appropriate. Mr. Turpen said that if the Commission wanted to waive the five-mile limit there would be no problem but he did not want to be put in the position of trying to justify to the Commission why the Airport was reimbursing the operator for "alleged" transgressions. He said staff tries to establish all of our bids conscientiously and in a way that forecloses any possible problem.

Commissioner Bernstein said he respects Mr. Turpen's thoughts but he does not want to ban anyone just because they have another operation.

Mr. Turpen said that a Host facility off-Airport is a different story than a parking facility. The five mile limit was a concern because of economies that might be affected. He reiterated that staff is not suggesting an intent to be deceitful or to defraud the Airport, but just the fact that another facility is in close proximity where additional help could be found might suddenly make the accounting become very difficult. He said that staff deals many times with allegations not facts and he was trying to foreclose anything like that from happening.

Commissioner Tsougarakis said it was almost mandating a worst case and perhaps we should give it a try. She felt the Commission was in agreement.

Commissioner Goosby said he thought it flies in the face of staff's efforts to keep as large a bidding pool as possible because at least three potential bidders would be eliminated.

Commissioner Goosby said the City Attorney has informed City departments that the Association of General Contractors is suing the City on the set aside issue and the case is now in the Court of Appeals. He said the City won the first round to keep the MBE ordinance valid so it can be enforced. The City Attorney said that in this stage of the arguments and with only six months into the operation it would weaken their legal case if we don't give the ordinance an opportunity to function without the set aside. He said that the 10 percent set aside is to be used for those departments that are having difficulty meeting their 30 percent goals. He felt that the MBE ordinance should be carefully handled and protected in order to retain its validity through the court cases. He said the Airport will not reach 30 percent but is doing better than most departments and believed staff was making a good faith effort. At halfway point we are 8 percent MBE toward our 30 percent goal and 2 percent WBE toward our 10 percent goal.

Commissioner Tsougarakis moved the approval of the recommendation waiving the five-mile limit and including the percentage.

The vote was unanimous.

The following item was unanimously adopted as amended.

8. Approval of Specification and Authorization of a Pre-Bid Conference:
South Terminal Shoeshine Lease

No. 85-0123

Resolution approving the proposed lease specifications and authorizing staff to hold a prebid conference for the lease of shoeshine stand operation in the South Terminal building.

Commissioner Bernstein felt that a \$10,000 bid bond for a shoeshine concession was exorbitant.

Commissioner Coblenz suggested that the amount be reduced to \$5,000.

Ms. Gittens reminded the Commission that this item was for authorization for a pre-bid conference. Staff will elicit comments from participants and changes can be made at that point.

Commissioner Coblenz responded that he thought the consensus of the Commission was that the bond was a bit high and recommended the amount be reduced to \$5,000.

Mr. Turpen said that staff will change the amount.

The following items were unanimously adopted.

9. Authorization of Pre-Bid Conference:
Car Rental Service Concession

No. 85-0124

Resolution approving specifications and authorizing Director to hold Pre-bid Conference for the operation of a sixth car rental service at San Francisco International Airport.

Commissioner Tsougarakis asked if the terms were the same as the other five rental car leases.

Ms. Gittens responded that the difference in the sixth rental car lease is that there is no land, so there will be no on-Airport vehicle facility.

10. Resolutions Granting Option to Extend Agreement for One Year for
Automobile Rental Services

Adoption of the attached five (5) resolutions approving the one year options to renew the following Rental Car Service Agreements:

No. 85-0125

Hertz

No. 85-0126

Avis

No. 85-0127

National

No. 85-0128

Dollar

No. 85-0129

Budget

11. Airport Improvement Program (A.I.P. No. 5)

No. 85-0130

Resolution approving Project Application for AIP Fund of \$8-million and requesting Board of Supervisors to authorize filing of Project Application and to accept the resulting grant offer.

12. \$85,000 Contract with the Museum Society, Fine Arts Museums

No. 85-0131

Contract for \$85,000 with the Museum Society, Fine Arts Museums of San Francisco for the purpose of providing and implementing Temporary Exhibitions at San Francisco International Airport for the fiscal year 1985-1986.

The following item was unanimously adopted as amended.

13. Transfer of \$3,500 to the Art Commission

No. 85-0132

Resolution authorizing the transfer of \$3,500 to the Art Commission for award of maquette contracts to five artists selected as finalists for the tapestry at Boarding Area A and the sculpture at the west entrance of the South Terminal.

Mr. Turpen said the amount was raised to \$4,000.

Commissioner Bernstein asked who keeps the maquettes.

Mr. Yuen responded that the artist keeps the maquette after it has been reviewed.

Commissioner Bernstein asked if it was true that the Art Commission has paintings and other artwork on exhibition that belong to the Airports Commission.

Commissioner Coblentz anticipated Commissioner Bernstein's question to be: Can we retrieve some of the pieces and make them part of a museum? He responded that Jason Yuen and Howard Freidman are working on it.

Mr. Yuen said he and Mr. Friedman were working on a museum for the lounge.

Commissioner Bernstein asked if these were permanent loans.

Commissioner Coblentz responded that they were not.

Commissioner Tsougarakis asked what would happen if the Airport did not hook up with the Art Commission.

Commissioner Coblentz said the Airport had to under the Charter.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Commissioner Coblentz moved the consent calendar with the exception of items 17 and 19. The consent items, including item 17, were unanimously adopted. Item 19 was put over.

14. Bid Call - Airport Contract No. 1649:

Cable Replacement, Cables 12TRTA-1 and 12BANB-1

No. 85-0133

Resolution approving the scope, budget and schedule for Airport Contract No. 1649 and authorizing the Director of Airports to call for bids when ready. The purpose of the contract is to replace defective sections of 12000 volt Power Cables 12TRTA-1 and 12BANB-1.

Contract time is 180 calendar days.

15. Bid Call - Airport Contract No. 1650:

Replacement of 4KV Power to Field Lighting Building

No. 85-0134

Resolution approving the scope, budget and schedule for Airport Contract No. 1650 and authorizing the Director of Airports to call for bids when ready.

The purpose of the contract is to provide an alternate 4KV source to Field Lighting Building.

Contract time is 150 calendar days.

16. Bid Call - Airport Contract No. 1632:

Emergency Roofing Repairs (1985-1986)

No. 85-0135

Resolution approving the scope, budget and schedule for Airport Contract No. 1632 and authorizing the Director of Airports to call for bids when ready. The purpose of the contract is to furnish emergency roofing repairs on an as-needed basis.

Contract time is 365 calendar days.

17. Award of Professional Services Agreement for South Terminal Aircraft Aprons, Phase III to J. Warren & Associates

No. 85-0136

Award to J. Warren & Associates for basic fee of \$334,000 (3.8% of construction costs) plus a budget of \$206,000 for surveying, materials

testing, inspection services, and
authorized reimbursable costs.
Total contract amount is \$540,000.

Carol Isen of the Professional and Technical Engineers, Local 21, said it was their understanding that DMJM was getting about \$100,000 worth of this design contract for the apron work at pier "e" by joint venturing with John Warren & Associates of Oakland. The union objected to this part of the contract because apron work is the bread and butter for the Airport in-house engineering staff. Ms. Isen said this has been designated as a set aside contract because the Airport design section fell behind on their MBE/WBE goals. She said this work is normally done by in-house design staff, consisting of almost 100 percent minority workers. Ms. Isen said she discussed this matter with Jason Yuen several weeks ago and was told that the reason for this was because there was a rush on this job.

Ms. Isen said the union checked with their members to determine whether or not the work could be completed on schedule if done in-house and they were told that they were too busy. Ms. Isen said she did not think it was really a problem of the in-house staff being too busy, but a problem of administrative planning. She said that Airport management knew that this work had to be done and could have been planned for it. Instead, it became a set aside contract at a premium cost to the Airport.

Ms. Isen added that this is going out as a Personal Services Contract and there would be no competitive bidding. She said it was her understanding that there were five contractors who interviewed for this job and out of the five there was only one minority business contractor, Fred Jordan, based in San Francisco, who could actually do this job by himself. She asked why the MBE who was going to joint venture with a big engineering firm is the one who got the contract.

Mr. Yuen said this is not a joint venture. DMJM is a subcontractor but not a partner and receives roughly 18 percent of the total fee. He added that years ago Local 21 agreed that the South Terminal projects would be done by outside consultants and not by in-house staff. The simple reason for that is that we can not gear up for just one project of this size.

Mr. Turpen added that the Airport had 133 engineers with only six officially on the rolls. When the North Terminal was being constructed they were on workorders, and bond funds. When the North Terminal finished there were to be six engineers left at the Airport. Mr. Turpen said that David Novodgrotsky came before the Commission several years ago and the Commission instructed Mr. Turpen to sit down with him and sort this thing out. He made an agreement with Mr. Novodgrotsky on how we would proceed with the full recognition of what the real situation was. That agreement, which was reached three or four years ago, guaranteed a certain dollar amount of work to the in-house staff. Since that time, at every opportunity, Local 21 has demanded that we hire more engineers, and that work be put here and there.

Mr. Turpen said that to his knowledge the Airport has lived up to that agreement and the commitment to place sufficient funds in the budget to cover all those engineers who were on the Airport payroll at that time. He said he will not commit to rehire engineers or commit to fill vacancies. That is not his obligation as the Director of the Airport. He said an equitable and fair arrangement was made in 1981.

Commissioner Coblentz said that the Airport got into this with the knowledge that construction of the Airport was going to taper off. If the Airport had kept these inflated payrolls we would be in a very bad position. That is why the idea was to try to cut down and contract out as best we could. He said the Airport wants to help the private sector as well.

Commissioner Goosby asked how many engineers in the design section were on the Airport payroll now.

Dennis Bouey, Deputy Director of Facilities, Operations and Maintenance, responded that between draftsmen, engineers and architects the staff approximates 40 people. He added that initially when he arrived on the Airport his section was about eight years behind in its construction work; this summer they will be on time. He said that as part of that program, since they are on time, several projects that were given to Jason Yuen's group have been given back to his design section and they will be handling them. He said Jason has been very fair towards the in-house design section in terms of giving that work back. He said that work will be done in-house.

Commissioner Coblentz asked what the timing phase was on the South Terminal aircraft apron paving.

Mr. Yuen responded that construction has to start by the end of this year. He said there is no way you can gear up with the same staff; you not only have to hire personnel, you have to buy desks, supplies, etc.

Mr. Turpen asked Dennis Bouey how many engineers had been laid off.

Mr. Bouey responded that they had not laid off any engineers.

Commissioner Goosby said engineers would have to be laid off if they were hired just for this project.

Mr. Turpen said the bottom line was that we had a certain number of engineers on board. We would not layoff. We would fund enough work for our engineers to do in-house. He said that Mr. Bouey's efforts have significantly enhanced our ability to get work done in-house. He said that was the deal and everyone was happy. He just wanted to point out that he is repeatedly being asked why he is not hiring more engineers.

18. Modification and Extension of Professional Services Agreement: Iver C. Larson and Associates, Professional Safety Consultants
Cost \$21,500.00.

No. 85-0137

Item 19 was put over.

19. Modification No. 7 to Agreement with Morrison & Foerster

Resolution authorizing and approving modification of Agreement with Morrison & Foerster to extend term of Agreement from June 30, 1985 to June 30, 1986.

20. Approval of Sublease between Trans World Airlines, Inc. and Elsinore Aircraft Services, Inc.

No. 85-0138

Resolution approving the sublease of a portion of TWA's air freight facility located on Plot 3 from Trans World Airlines, Inc. by Elsinore Aircraft Services, Inc.

21. Request for Approval of Travel/Training for Airports Commission Representatives.

No. 85-0139

* * *

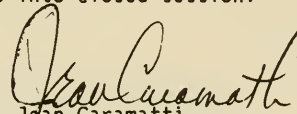
I. CORRESPONDENCE:

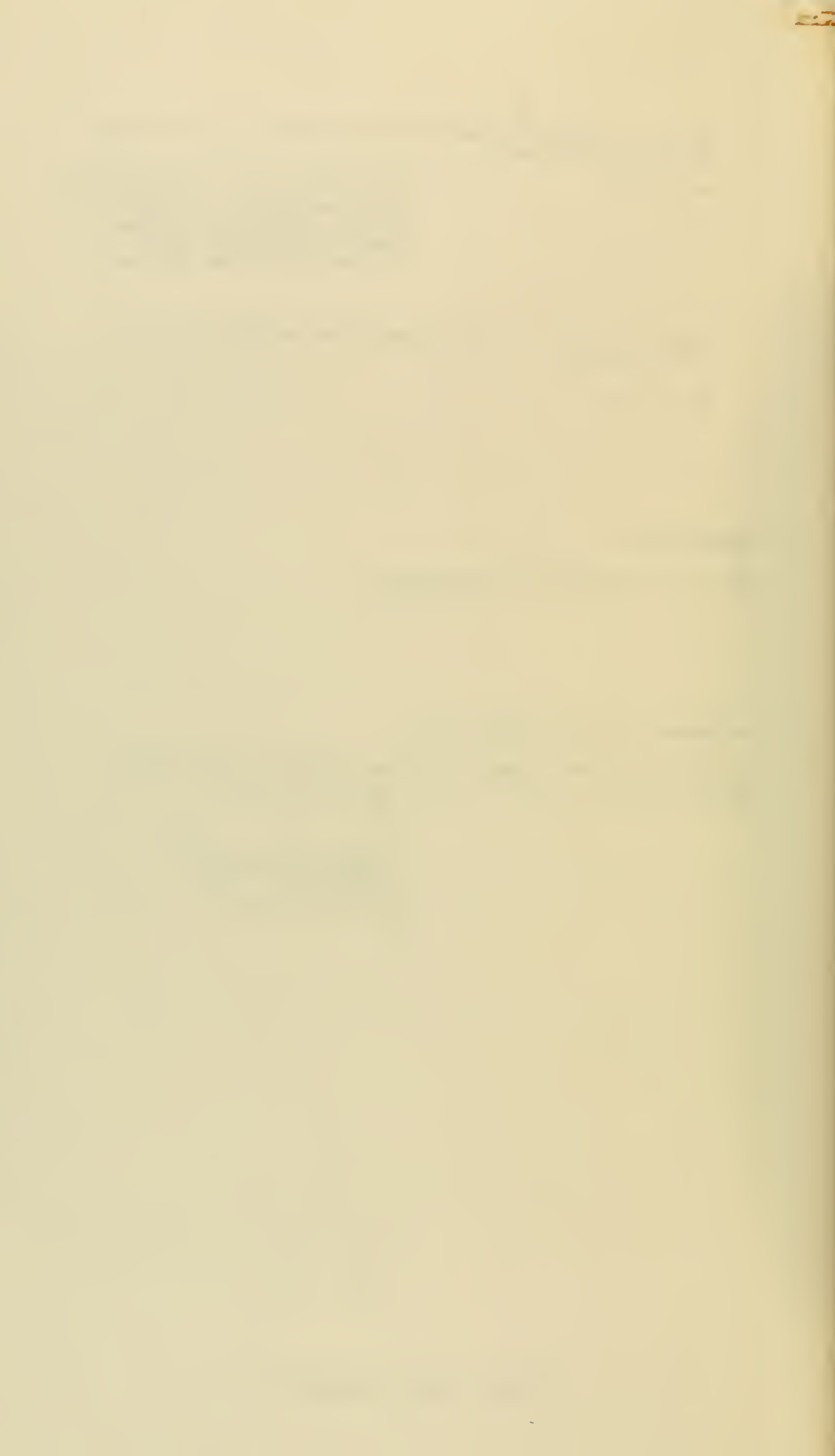
There was no discussion of correspondence.

* * *

J. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:26 A.M. to go into closed session.


Jean Caramatti
Commission Secretary



SAN FRANCISCO AIRPORTS COMMISSION



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J. EDWARD FLEISHELL

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LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

May 21, 1985

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Minutes
of the
Airports Commission Meeting

May 21, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Commissioners Morris Bernstein,
William K. Coblentz,
Z. L. Goosby,
J. Edward Fleishell,
Athena Tsougarakis

* * *

C. ADOPTION OF MINUTES:

The Minutes of the regular meeting of April 16, 1985 were adopted by order of the Commission President.

No. 85-0145

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 85-0140 regarding the settlement of litigated claim with SFO Helicopter and 85-0143 regarding an agreement with Atari to mutually terminate the Atari Game Room leases in the International and North Terminals at the closed session of May 7, 1985.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell said that efforts are being made by a private group to gain control of TWA. He said that although this is not an issue in which the Commission would normally become involved, one alternative in gaining control would be to dismantle the airline. He said the result to the Airport would be the loss of a valued tenant and revenue.

Commissioner Fleishell said that TWA has asked for hearings by the Department of Transportation to investigate the propriety and capability of this group to run an airline and to determine other factors relative to the public interest. He felt the Commission should support a move to request such an investigation by the Department of Transportation.

Commissioner Fleishell moved the resolution prepared by staff with the recommendation that the name of the people involved be eliminated.

Commissioner Coblentz seconded the motion and the resolution was unanimously adopted.

No. 85-0146

* * *

F. POLICY:

The following item was unanimously adopted as amended.

1. Resolution for Naming of Airport Streets

No. 85-0147

Commissioner Coblentz asked that the second whereas clause be amended to read: "It is the intent of the Airports Commission to now identify some, if not all, Airport streets and roadways by name, rather than by letter and number..."

Commissioner Goosby suggested that a general criteria should be established for naming streets.

Commissioner Coblentz felt the person should be living and have made some contribution to the Airport.

Commissioner Goosby felt that the contribution could be one made to the City and should not necessarily be limited to the Airport. He also suggested that names having worldwide recognition in the aviation field could be considered.

Commissioner Goosby remembered that names had been submitted to the Director a couple of years ago and asked if those names were still available.

Mr. Turpen said they were. He said he would return to the Commission with a criteria the Commission can discuss and formalize. He said some of the former names submitted might not fit the criteria.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was put over.

2. Smarte Carte - Proposed Lease Option

Resolution to authorize the Director of Airports to enter lease renewal negotiations with Smarte Carte.

Mr. Turpen said that staff accurately estimated that a "free" cart operation would cost about \$500,000 to run.

Mr. Turpen said that the specifications address many of the concerns raised by the Commission. He said that one of those concerns was the cart design. He felt the current cart was unacceptable and recommended going to the more common "L" shape.

Commissioner Fleishell asked when that would happen. He said it was part of the original contract signed five years ago.

Mr. Turpen responded that Smarte Carte's "L" shape design is really more a "U" shape design. He said that Smarte Carte is in the process of developing a new design.

Mr. Turpen said that approval could be subject to a definite date established for the replacement of the cart.

Commissioner Fleishell asked if staff could design the cart.

Mr. Turpen responded that it was not a question of design but of production and installation. He suggested putting the item over for two weeks at which time he will present the Commission with a schedule.

The Commission agreed.

Commissioner Goosby asked if the provision to provide free carts to passengers unable to pay for them appeared in the present lease.

Mr. Turpen responded that that was a point of contention between the Airport and Smarte Carte.

Don Garibaldi, Airports General Counsel, said that Smarte Carte, prior to the free cart trial in Customs, was providing free carts to those passengers unable to pay.

Mr. Turpen said this will be formalized in the agreement with a procedure. Failure to follow the procedure would place Smarte Carte in breach of their agreement.

Commissioner Fleishell suggested the Airport retain the power to not only provide free carts but to bid another cart concession.

Mr. Turpen responded that everything in this document has been confirmed by Smarte Carte and he would have to go back to them and confirm Commissioner Fleishell's proposal.

The following items were unanimously adopted.

3. Approval of Specifications and Authorization to Bid Computerized Parking Control System

No. 85-0148

Mr. Turpen said the only change from the previous documentation the Commission approved was in going back to one phase instead of two phases as provided for in the original specifications. He said that Autoscan's bonding company insisted on this as part of the new bid specifications.

4. Authorization to Award Lease of "Forget-Me-Not" Shop in North Terminal

No. 85-0149

Resolution awarding lease of "Forget-Me-Not" Shop in North Terminal to Candy-Mann, with a first year minimum annual guarantee bid of \$109,750.

Mr. Turpen said that items 4, 5 and 6 were related in that they were bids for North Terminal concessions. He said that paragraph two of his background memo to the Commission indicated the number of people staff attempted to contact in order to generate interest in these bidding opportunities. He said it was gratifying because the successful bidders of each of these concessions started out as MBE's and WBE's under the Airport's principal concessionaire concept under Duty Free.

Commissioner Tsougarakis noted that the Seafood Kiosk wants to close right away and asked how long it will take before it re-opens.

Ms. Gittens responded that it will partially depend on whether the current operator will sell over their leasehold property. If they do, it can be done in a matter of a few weeks.

Commissioner Tsougarakis asked if the Airport received the minimum or a percentage of gross.

Ms. Gittens responded that the minimum was \$50,000 and the Airport received about \$75,000.

5. Resolution Awarding Lease for Hosiery and Related Gifts Shop

No. 85-0150

Resolution to award lease of Hosiery and Related Gifts Shop in North Terminal to Denetta Clayborne-Stafford with a first year minimum annual guarantee of \$48,000.

6. Authorization to Award Lease of Crab and Seafood Kiosks in North Terminal

No. 85-0151

Resolution awarding lease of Crab and Seafood Kiosks in the North Terminal to Angelina and Benny Tan, DBA Tan Enterprises, with a first year minimum annual guarantee bid of \$77,770.

7. Authorization to Receive Bids for Lease of Entertainment Center/Video Game Room in the North Terminal

85-0144

Resolution approving leasehold specifications and authorizing Director to receive bids for the lease of Entertainment Center/Video Game Room in the North Terminal.

Mr. Turpen explained that it is staff's intention to bid the North Terminal Game Room as a small business set-aside. This item simply requests authorization to go out to bid.

The following item was unanimously adopted as amended.

8. Full-Service Baggage Storage Lease Specifications

No. 85-0152

Resolution to approve the lease specifications for a full service baggage storage concession and to authorize staff to hold a prebid conference.

Mr. Turpen said the baggage storage area will be in the former Atari Game Room location in the upper level of the South Connector. He said it was originally anticipated for the lower level of the International Terminal but later thought that the connector would be more attractive.

Commissioner Goosby felt this was a good way to combine services.

Commissioner Fleishell felt that the dry cleaning pick-up and drop-off could be a separate concession. He said this was talked about several times in the past but staff did not feel it was a good idea.

Mr. Turpen agreed with Commissioner Fleishell but he thought that a location outside the terminals might be better.

The following items were unanimously adopted.

9. Requesting Authorization to Proceed with Pre-Bid Conference for South Terminal Vending

No. 85-0153

Authorization to proceed with pre-bid conference for South Terminal Vending Lease.

Commissioner Fleishell asked how much the Airport earns annually.

Mr. Turpen responded that it is about \$8,000.

Commissioner Fleishell asked if staff considered not having the vending machines.

Mr. Turpen responded that he considered it but found there was a demand.

10. Renewal Option of Lease for Operation of Insurance Services at San Francisco International Airport

No. 85-0154

Resolution authorizing a three-year option extension to Mercury International for the Lease for Operation of Insurance Services.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

11. Approval of Budget for Professional Services Contract
Gerson/Overstreet, Amendment No. 2 - \$60,000

No. 85-0155

Resolution approving additional budget of \$60,000 for Professional Services Contract between City and Gerson/Overstreet, Architect Consultant to provide basic services for the demolition of Pier 'e' and additional design services for Tunnels A & C.

12. Final Modification and Close-Out of Contract 1211
FAA Facilities, Seventh Floor, SFIA

No. 85-0156

Final modification to close-out contract including adjustments to Bid Items and Force Account payments in accordance with City's Administrative Code.

13. Award of Contract No. 1369-A
Pavement Reconstruction Upper Level Road
South Terminal

No. 85-0157

Resolution awarding Contract 1369A to Grade-Way Construction in the amount of \$278,665.

Three bids were received on April 29, 1985 ranging from \$278,665 to \$320,242.

14. Tenant Improvement: TWA Ground Operations Offices
(T-2930-A), TWA Gate Holdrooms - Phase I (T-2966)

No. 85-0158

Remodeling of TWA's Ground Operations
Offices and Gate Holdrooms - Phase I
on Boarding Area B. \$200,000 - No
cost to Airport.

15. Tenant Improvement: Western Airlines Inbound Baggage Conveyor System
Phase 2 (T-2941A)

No. 85-0159

Renovation of Western Airlines
existing inbound baggage system in the
South Terminal. \$150,000 - No cost to
Airport.

16. Request for Approval of Travel/Training for Airports Commission
Representatives

No. 85-0160

* * *

I. CORRESPONDENCE:

Mr. Turpen introduced a resolution for the ferrying or transfer of Non-FAR
Part 36 compliant aircraft.

Mr. Turpen explained that in 1978 the Commission adopted a resolution
saying that after January 1, 1985 any aircraft not complying with federal
noise standards would not be allowed to operate at SFO. A survey was
conducted with all airlines at SFO which determined that all aircraft are
in compliance.

Mr. Turpen said inquiries have been received regarding moving or
positioning aircraft that are non-compliant. He explained that at the end
of 1984 some carriers wound up with aircraft they had sold but could not
move. He said that United, which has one of the largest maintenance bases
in the world located in San Francisco, does a lot of the refitting work.
They have made requests for six waivers.

Mr. Turpen said one aircraft was denied landing rights and another was
given an admonishment for operating into SFO without permission.

Mr. Turpen explained that this resolution provides for a waiver, on a
special case basis, authorizing the Director to exercise the Commission's
authority under the former policy rather than coming before the Commission
each time.

Commissioner Goosby asked Mr. Turpen if he would have the cooperation of
the FAA.

Mr. Turpen said that it could not be done without an FAA waiver.

Mr. Turpen said that conditions have been set establishing a window and flight procedure, minimizing the impact on the surrounding communities. The airlines will be expected to comply as a condition of approval.

Commissioner Goosby asked if the FAA could deny the request to operate.

Mr. Turpen responded that it could.

* * *

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:33 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

JUNE 18, 1985

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LOUIS A. TURPEN

Director of Airports

San Francisco International Airport
San Francisco, California 94128

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Airports Commission

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	17.	Resolution Modifying Lease and Use Agreement #82-0122 between Airport and Qantas Airways, Ltd.	85-0192	10
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	19.	Resolution Modifying Lease and Use Agreement #82-0317 between Airport and Philippine Airlines, Inc.	85-0194	10
	20.	Resolution Modifying Lease and Use Agreement - Inter- national Terminal Building Interline Ticket Counter Space between Airport and: Western Airlines, Inc. American Airlines, Inc. Trans World Airlines, Inc. United Air Lines, Inc. Continental Airlines, Inc. Republic Airlines West, Inc. Delta Air Lines, Inc.	85-0195 85-0196 85-0197 85-0198 85-0199 85-0200 85-0201	10
	21.	Statistical Adjustments for 1984-1985 Joint Use Billings under Lease and Use Agreement	85-0202	10
	22.	Bid Call: Airport Contract No. 1610 Painting of Metal Building Roofs-North Field	85-0203	11
	23.	Contract 1410ABCD: South Terminal Renovation, Phase I Type II Modification-\$231,666.59	85-0204	11
	24.	Tenant Improvement: PSA Emergency Shutdown System- Hydrant Fueling (T-2954)	85-0205	11
	25.	Tenant Improvement: Western Airlines-South Terminal and Boarding Area 'B' Leasehold Improvements - (T-2987)	85-0206	11
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Minutes
of the
Airports Commission Meeting

June 18, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Commissioners Morris Bernstein
William K. Coblentz
Z. L. Goosby
J. Edward Fleishell
Athena Tsougarakis

* * *

C. ADOPTION OF MINUTES:

The Minutes of the regular meeting of May 7, 1985 were adopted by order of the Commission President.

No. 85-0176

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

Item 1 was adopted by a 4-1 vote with Commission Fleishell casting the dissenting vote.

1. Smarte Carte: Approval and Award of Modification of Operating Agreement

No. 85-0177

Resolution to approve the Modification of Operating Agreement with Smarte Carte for an extension of five years, and to award said Modification to Smarte Carte.

Mr. Lou Turpen, Airport Director, told the Commission that the only change in the agreement is that Smarte Carte would retain its exclusivity.

Mr. Pastien of Smarte Carte said his company wished to cooperate with the Airport in any way possible. He submitted a letter to the Commission as well as a statement signed by the First Bank East (see attached) explaining that without the income from the entire Airport they would not be able to repay the approximately \$300,000 it will cost to build the carts.

Commissioner Bernstein asked Mr. Pastien if the bank loan was on each individual contract. He thought that since Smarte Carte operates at other airports it would be one continuing guarantee.

Commissioner Fleishell felt the item should have been re-bid.

Commissioner Goosby asked if Item 3, "the Commission reserves the right to distribute luggage carts free of charge in the Customs area through its own staff or other contract," reflected the change.

Mr. Turpen responded that the Commission can require Smarte Carte to distribute carts at a cost not to exceed \$1.00. He said the Commission's right to distribute carts through a third party has been eliminated.

Commissioner Goosby asked if staff could distribute carts.

Mr. Turpen responded that Item K on Page 4 of the Agreement states: "The Commission shall reserve the unilateral right to require that baggage carts be provided by operator free of charge to all arriving passengers in the Customs area in exchange for a fee to be paid by the Commission to the operator the amount of which shall be negotiated but in no case shall exceed \$1.00." He explained that the last sentence Commissioner Goosby was looking at has been eliminated in exchange for the new L shaped cart design.

Commissioner Fleishell asked if this contract had to go to the Finance Committee.

Mr. Turpen replied it did not.

Commissioner Goosby asked if the minimum annual guarantee of \$40,000 was still valid.

Commissioner Bernstein asked if it had been negotiated.

Mr. Turpen replied that it has been negotiated and is before the Commission for approval. Smarte Carte will continue to provide carts throughout the entire Airport. They will modify the cart design, making them more convenient. The Commission has the right, anytime during the 5-year period of this agreement, to require Smarte Carte to provide carts free of charge to arriving passengers. He explained that the "free" carts will cost the Airport \$1.00 each.

The following items were unanimously adopted.

2. Award of Lease:

Entertainment Center/Video Game Room in the North Terminal Building

No. 85-0178

Resolution authorizing award of Lease
of Entertainment Center/Video Game
Room in the North Terminal Building.

Mr. Turpen explained that on June 13 three bids for the game room were submitted and opened. The bids were: The All American Hero Restaurant, \$79,998.00; Richard Hightower and Margaret Newton, \$65,200.00; and, the Airport Adventure, \$55,000.00.

Mr. Turpen said the All American Hero Restaurant, the high bidder, is an MBE. He reminded the Commission that the settlement with Atari left all the equipment in place so that the Airport could install another operator fairly quickly. June 21 ends Atari's obligation to operate the game room; the new lease will commence on June 22, 1985.

Commissioner Bernstein asked who gets title to the equipment in the two Atari locations.

Mr. Turpen responded that the Airport had title to the equipment. The new operator walks into a fully fixturized facility.

Commissioner Bernstein asked that if and when the machines are changed will the equipment be surrendered to the Airport.

Mr. Turpen replied that it has already been surrendered to the Airport. The new operator will use the same equipment and the same location.

Commissioner Fleishell felt that Atari's failure was in not changing the games. He added that the games they were going to leave were valueless. He said that the question is when the new operator buys new games who owns title to them and what happens to the old games.

Angela Gittens, Deputy Director for Business and Finance, responded that staff had not anticipated that the new operator would put new games in. She said this is just a year-to-year agreement. If new games are installed they will belong to the operator.

Commissioner Fleishell asked what happens to the old games.

Ms. Gittens said it is the Airport's property and they can be disposed of as we see fit.

Mr. Turpen commented that two of the old games had already been put in the USO.

3. Approval of Subleases and Subtenants:

South Terminal Principal Concession Lease Agreement

No. 85-0179

Resolution approving affirmative
action subleases and subtenants of
Host International, Inc. as South
Terminal Principal Concessionaire.

Ms. Gittens explained that staff is asking the Commission to cede to the Director the approval of the subleases since they will not be available until the end of this week. She explained that staff is currently reviewing a preliminary proposal submitted by Host and the July 2 meeting will be too late to try to get going on it.

Mr. Turpen asked if this approach had been cleared with the Human Rights Commission.

Ms. Gittens responded that the approach has been cleared with Human Rights but they must still approve the minority representation.

4. Authorization to Proceed with Pre-Bid Conference for Lease of Food Catering in the Taxi Staging Area of the Garage

No. 85-0180

Resolution approving leasehold specifications and authorizing Director to hold a pre-bid conference for the Lease of Food Catering in the Taxi Staging area of the Garage.

Mr. Turpen said that the Commission agreed some time ago to relocate the taxi staging area and the center of the garage will be used for that purpose in the near future. Coincident with that move there are a number of people who want to provide catering services to the taxi drivers. Staff would like to bid these services. He explained that the top two bidders will be taken. The high bidder will have a preference of day or swing shift and the second high bidder will get the remaining shift.

Commissioner Goosby asked if it was required that they put in nine hours each.

Ms. Gittens responded yes.

Mr. Turpen said that the vending machines, which have been there for some time, have been a marginal effort and required continual maintenance due to vandalism. Staff tried setting up a lottery two or three years ago but no one observed it. He said there were fist fights in the lot and it turned into a terrible situation.

Commissioner Coblentz asked if it would be profitable for the truck to stay at the Airport for nine hours.

Mr. Turpen, responded that taxis start entering the garage around 6 a.m. and wait for the first passenger arrivals.

Commissioner Bernstein commented that one vendor working longer hours might enable him to sell all of his food.

Commissioner Coblentz felt this makes sense as it gives the taxi drivers decent food.

Mr. Turpen said it also solves the problem of twenty-five vendors wanting to be in the garage at the same time to serve the same clientele.

5. Design Review Approval:
"Forget-Me-Not" Shop in the North Terminal Building

No. 85-0181 Resolution approving the schematic design of the new "Forget-Me-Not" Shop in the North Terminal Building.

6. Design Review Approval:
Crab and Seafood Kiosks in the North Terminal Building

No. 85-0182 Resolution approving the schematic design of the new Crab and Seafood Kiosks in the North Terminal Building.

Item 7 was put over.

7. Design Review Approval:
"Hosiery and Related Gifts" Shop in the North Terminal Building

Resolution approving the schematic design of the new "Hosiery and Related Gifts" Shop in the North Terminal Building.

Mr. Turpen said that Howard Friedman had some concerns about this and suggested putting the item over.

The Commission gave its unanimous approval to excuse Commissioner Tsougarakis from voting on Item 8. The following items were unanimously adopted.

8. Authorization to Bid:
Financial Services Lease

No. 85-0183 Resolution approving the lease document for Financial Services Lease and authorization to bid.

Mr. Turpen said that staff had sent out documents to over 300 banks and savings and loans and only one person showed up at the pre-bid conference.

Ms. Gittens said that staff is still trying to elicit interest. She said that staff has talked to three or four banks and financial institutions that they feel have the kind of philosophy that might make them interested in the Airport. Ms. Gittens said she thought at least one other bank or financial institution would be interested and hoped that their silence up to this point was for competitive purposes. She concluded that at this point staff is only looking at one bid and recommended that the bidding process proceed.

9. Computerized Ground Transportation Information System:
Renewal of Annual Maintenance Agreement

No. 85-0184

Resolution allowing Director of
Airports to enter into an agreement to
continue to provide maintenance
services for the Computerized Ground
Transportation Information System for
an additional year.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

10. Resolution Modifying Lease and Use Agreement No. 82-0315 between
Airport and China Airlines, Ltd.

No. 85-0185

11. Resolution Modifying Lease and Use Agreement No. 82-0177 between
Airport and Japan Airlines Co., Ltd.

No. 85-0186

12. Resolution Modifying Lease and Use Agreement #82-0119 between Airport
and Northwest Airlines, Inc.

No. 85-0187

13. Resolution Modifying Lease and Use Agreement #82-0124 between Airport
and Singapore Airport and Singapore Airlines, Ltd.

No. 85-0188

14. Resolution Modifying Lease and Use Agreement #82-0114 between Airport
and Canadian Pacific Airlines, Ltd.

No. 85-0189

15. Resolution Modifying Lease and Use Agreement #82-0121 between Airport
and Pan American World Airways, Inc.

No. 85-0190

16. Resolution Modifying Lease and Use Agreement #83-0045 between Airport and Mexicana Airlines

No. 85-0191

17. Resolution Modifying Lease and Use Agreement #82-0122 between Airport and Qantas Airways, Ltd.

No. 85-0192

18. Resolution Modifying Lease and Use Agreement #82-0118 between Airport and Lufthansa German Airlines

No. 85-0193

19. Resolution Modifying Lease and Use Agreement #82-0317 between Airport and Philippine Airlines, Inc.

No. 85-0194

20. Resolutions Modifying Lease and Use Agreement - International Terminal Building Interline Ticket Counter Space

Resolutions modifying Lease and Use Agreements between the Airport and the following airlines using Interline Ticket Counter Space at the International Terminal Building:

	<u>Airline</u>	<u>Lease & Use Agreement No.</u>
No. 85-0195	Western Airlines	82-0127
No. 85-0196	American Airlines	82-0111
No. 85-0197	Trans World Airlines	82-0125
No. 85-0198	United Air Lines	82-0126
No. 85-0199	Continental Airlines	82-0316
No. 85-0200	Republic Airlines West	82-0123
No. 85-0201	Delta Air Lines	82-0115

21. Statistical Adjustments for 1984-1985 Joint Use Billings under Lease and Use Agreement

No. 85-0202

Resolution adjusting 1984-85 Joint Use Billings pursuant to Section 101.W of the Airline Airport Lease and Use Agreement for Korean Air Lines Co., Ltd.

22. Bid Call: Airport Contract No. 1610
Painting of Metal Building Roofs - North Field

No. 85-0203

Resolution approving scope, budget and schedule for Contract No. 1610 and authorizing the Director of Airports to call for bids when ready.

The work consists of painting the sheet metal roofs of three buildings including reattaching and replacing of some roof sheets as needed.

Contract time is 90 calendar days.

23. Contract 1410ABCD:
South Terminal Renovation, Phase I
Type II Modification - \$231,666.59

No. 85-0204

Contract modification to provide additional work for unforeseen conditions, increased scope, and deficiencies in the plans and specifications.

24. Tenant Improvement:
PSA Emergency Shutdown System - Hydrant Fueling (T-2954)

No. 85-0205

Installation of an Emergency Shutdown System for PSA's Hydrant Fuel System on Boarding Area 'A'. \$60,000. No cost to Airport.

25. Tenant Improvement:
Western Airlines - South Terminal and Boarding Area 'B'
Leasehold Improvements - (T-2987)

No. 85-0206

New construction and remodeling of Western Airlines airline ticket office, ticket counters, baggage and operation offices, holdroom equipment and V.I.P. room. \$422,382.

No cost to Airport except for \$51,174 for ticket counter shell of future unidentified airline and other reimbursable work.

* * *


G. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

F. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:20 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

June 17, 1985

2480 E. County Road F.
White Bear Lake, Minnesota 55110
Telephone (612) 429-3614
Wats 1-800-328-9006
Telex 501215

Airports Commission
City and County of San Francisco
Honorable Dianne Feinstein, Mayor
Morris Bernstein, President
William K. Coblentz, Vice-President
Dr. Z. L. Goosby, Commissioner
J. Edward Fleishell, Commissioner
Athena Tsougarakis, Commissioner
Airport Management and Staff

smarte carte[®] INC.

I would like to take this opportunity to make a statement to clarify my position, and that of Smarte Carte, Inc., as it relates to providing cart control services in airports. We have always considered the needs of the traveling public to be the most important element in our approach to providing this service. In that regard, the best way to insure a pleasant experience is to provide those needs in a consistent way. This holds true when they are coming in from a foreign country and as they proceed on with their domestic travels. Our method of insuring consistency is to be exactly the same everywhere. And, as we grow and provide our services to more and more airports, our style of cart management is gaining acceptance world-wide.

We are extremely cautious when it comes to changing our methods of cart management or the carts and cart control equipment we use for fear of upsetting the delicate balance that must be maintained to keep consistency and ease of use everywhere our services are used. For that reason we may appear slow to change, however, we have changed and grown up with this industry over the years. But we have done so in a very cautious way, considering all the places and ways in which the public is exposed to, and uses, our product.

When it comes to serving the public we have always been, and will continue to be, a cooperative partner with the airports that use our services.

Since we need the full support of our lending institution to be able to provide our service, we must abide by the constraints they have placed on us to insure that they are protected against any major loss. Two of those constraints are that we must have a five year contract providing income to pay for equipment we build and that that income is maintained at or above current levels.

It is our sincere hope that we can continue to provide our services to the San Francisco International Airport and to the traveling public it serves as we have over the past five years. We wish to maintain the excellent working relationship that has developed over the years between the airport, our company and the public, while, at the same time, keeping our income sufficient to meet our banking commitments.

Sincerely,



Eugene R. Pastien
Vice President

Attachment - reference statement from bank

First Bank East

First Bank East, National Association
1000 Payne Avenue
St Paul, Minnesota 55101
612 778-2600

June 13, 1985

Mr. Eugene Pastien
Vice President
Smarte Carte, Inc.
2480 E. County Road F
White Bear Lake, Minnesota 55110

RE: San Francisco Contract

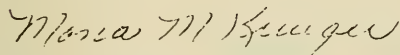
Dear Gene:

In an effort to clarify our position regarding Smarte Carte's contract negotiations with San Francisco.

Our decision to finance new cart construction is based primarily on cash flow. Should you sign a contract allowing significant cash flow reduction, and in the future this happens, it would more than likely create a default in our loan agreement. First Bank East would then have available all such remedies as stated in the loan agreement, including the possibility of calling all loans due and payable. This demand for payment would conceivably put Smarte Carte, Inc. out of business.

If you have any questions or need further clarification, please call me at 778-2634.

Sincerely,



Mona M. Krueger
Commercial Loan Rep.

MMK/rmk

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

JUNE 4, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

June 4, 1985

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Minutes
of the
Airports Commission Meeting

June 4, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Commissioners Morris Bernstein
William K. Coblentz
Z. L. Goosby
J. Edward Fleishell
Athena Tsougarakis

* * *

C. DIRECTOR'S REPORTS:

1. Report on Sale of Lottery Tickets at S.F.I.A.

Report outlining options available on how to sell lottery tickets at San Francisco International Airport.

Mr. Turpen explained that the recommendation is to allow the sale of lottery tickets on revokable 30-day permits. He said that the tickets will be sold at 12 locations on the Airport which will include newsstands, barber shops, insurance counters and long-term luggage storage. He said that if the Commission agrees staff will proceed.

Commissioner Fleishell said that the Mayor had indicated to him that lottery tickets should not be sold on public property. He recommended checking with the Mayor's Office before proceeding. He said that the best sales areas in other states have been commuter operations, not airports.

Mr. Turpen asked the Commission if, absent any objection from the Mayor's Office, staff could proceed as outlined.

The Commission had no objection.

Mr. Turpen said he would file the Mayor's response with the Commission.

Commissioner Bernstein commented that the vendor's commission would only be 2.5 percent and he did not think anyone would want to handle it for such a small amount.

Commissioner Fleishell commented that 5 percent is considered inadequate by some people.

Mr. Turpen said he would return to the Commission with a follow-up in 30 days.

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

2. Transfer of \$829,074.50 to the Art Commission with Conditions.

No. 85-0162

Resolution authorizing the transfer of \$829,074.50 to the Art Commission with the following conditions:

1. No money shall be expended without prior approval of the Airports Commission.
2. A quarterly report shall be submitted to the Airports Commission on the status of the account.

The \$833,074.50 represents the balance of the funds already set aside as required by City Charter for the Airport's Art Enrichment Program. The purpose of the transfer is to streamline accounting procedures while maintaining controls by the Airports Commission.

Commissioner Coblentz said that Jason Yuen has worked this out and the money will not be expended without the approval of the Airports Commission. He said this is a time-saving device, simplifying the procedure but retaining the limitations of the past. He explained that it usually takes a good deal of time for an artist to receive payment for services that have been rendered.

3. Smarte Carte - Proposed Lease Option

No. 85-0163

Resolution to authorize the Director of Airports to enter into lease renewal negotiations with Smarte Carte.

Mr. Turpen said this item enables the Director to enter into lease negotiations with Smarte Carte in order to ensure a timely renegotiation of their lease. He said there were two points made at the last meeting: (1) that the Commission reserves the right to distribute carts free of charge in the FIS area through its own staff rather than through the contractor's staff; and, (2) the question of the time line for a substitute of the cart.

Mr. Turpen said that Smarte Carte has agreed to a non-Smarte Carte vendor in the Customs area. Further, by July 30 Smarte Carte will have a prototype available for the Commission. He added that once the prototype is developed it would be about 180 days before the new cart would be in the terminals.

Mr. Turpen explained that this resolution authorizes him to nail down the schedule and set an effective time line. He said he will offer a follow-up report and present the Commission with a formal package for adoption which will extend the lease and list the pertinent points relating to the replacement of carts. He added that the lease will include a sentence allowing the Airport to have a third party dispense carts in the FIS area.

Commissioner Tsougarakis asked for a clarification of item 4.

Mr. Turpen responded that presently it is 10 percent of gross. The amount has been adjusted in the event the decision is made to bring in a third party to dispense carts. He explained that Customs is 50 percent of Smarte Carte's business so to require a \$40,000 minimum against a percentage would be inappropriate if the Airport decided to bring in a third party. He said that as long as Smarte Carte continues to provide carts in Customs they will be operating at 10 percent of gross. Mr. Turpen added that the old minimum was 12 percent.

Commissioner Goosby suggested that the percentage could be set with the provision that if another vendor is allowed in Customs, Smarte Carte's minimum will be reduced.

Mr. Turpen responded that Commission Goosby had a good point and staff will take a look at it.

4. Resolution Awarding Lease - South Terminal Principal Concession Lease

No. 85-0164

Resolution awarding Principal Concession Lease and Agreement for Merchandising Sales in the South Terminal Building to Host International, Inc.

Commissioner Goosby, as a point of clarification, said that a 5 percent credit is given to LBE, MBE and WBE bidders but the credit is not reflected in the bid when it is submitted.

Mr. Turpen explained that Host has an operating office in San Francisco, making them a local business.

Commissioner Fleishell asked if a corporation, formed anywhere else, is considered a local business if an office is opened in San Francisco.

Mr. Turpen said that was his understanding of the interpretation of the ordinance.

5. Resolution Modifying United Airlines Maintenance Operations Lease

No. 85-0165

Resolution modifying the United Airlines M.O.C. lease by adjusting ground rental rates and exchanging portions of land.

Commissioner Coblentz felt that this makes a lot of sense.

Commissioner Tsougarakis asked why it took two years.

Mr. Turpen's response was because United would not agree.

Commissioner Tsougarakis commented that the Airport lost \$30,000 in interest.

The following item was adopted as amended by a 4-1 vote with Commissioner Goosby casting the dissenting vote.

6. Modification No. 7 to Agreement with Morrison and Foerster

No. 85-0166

Resolution authorizing and approving modification of agreement with Morrison and Foerster to extend term of agreement from June 30, 1985 to June 30, 1986.

Commissioner Goosby felt that staff should keep a close watch over the amount of money being spent on outside attorneys. He thought Morrison and Foerster should be asked to joint venture with an MBE or WBE firm on small claims cases.

Mr. Turpen said he would convey Commissioner Goosby's concerns to the City Attorney.

Commissioner Fleishell asked what anti-trust problems the Airport had. He said that State and Federal laws make us immune.

Mr. Don Garibaldi, Airport General Counsel, responded that the anti-trust problems are minimal. He said that the section is already in the contract and makes Morrison and Foerster available in the event they are needed on anti-trust concerns. He added that small claims cases are principally involved in the contract.

Commissioner Coblentz felt that the contract should be limited to small claims cases. He added that it is the responsibility of the Commission to distribute these professional services contracts to other law firms. He said this was no reflection on Morrison and Foerster.

Commissioner Fleishell agreed with Commissioner Coblentz and added that Morrison and Foerster have been very helpful.

The following item was unanimously adopted as amended.

7. Award of Contract No. 1521R
Garage Signing - Electronic Display Signs

No. 85-0167

Resolution awarding Contract No. 1521R.

Seven bids were received on April 9, 1985 with the amounts ranging from \$109,500.00 to \$151,000.00.

Mr. Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, explained that American Sign protested the Human Rights Commission's decision that they were not a local company. American Sign is located in Spokane but has an office in San Francisco. The Human Rights Commission found that their "office" constituted a desk and a recently installed phone. He said that American Sign took the Airport and HRC to court. The court awarded an alternative writ to HRC but no action was taken against the Airport.

Mr. Bouey said that the Airport can either award or reject all bids. He recommended rejecting all bids. He explained that if the bid was awarded to Abbott, the second bidder, and the court should find against HRC, the Airport will be liable for damages. He said this is not a crucial contract and added that this is the second time it has been bid and the price has gone down. Mr. Bouey told the Commission that the 60-day statutory limit to award comes up on June 8.

* * * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

8. Tenant Improvement: PSA Demolition Work at Boarding Area A Rotunda - Phase I (T-2973-A)

No. 85-0168

Demolition of existing partitions and utilities in PSA's ground operations area at Boarding Area A, \$32,000. No cost to Airport.

9. Design Review Approval/New Sign at Main Facility of Citicorp in International Terminal

No. 85-0169

Resolution approving the schematic design of new sign at main facilities of Citicorp Foreign Currency Exchange in International Terminal.

Commissioner Coblenz assumed that the sign has been approved by Jason Yuen and Howard Friedman.

Mr. Yuen responded that it has.

10. Approval of Sublease between Republic Airlines and Pacific Southwest
No. 85-0170 Resolution approving the sublease of South Terminal office space from Republic Airlines by Pacific Southwest Airlines.
11. Bid Call for Contract 1702
Replacement of Roof at Rotunda A
No. 85-0171 Resolution approves bid call and also approves construction budget. Existing roof developed several leaks during the last rainstorm due to delamination of roofing layers.
12. Modification to Contract 1410EF
South Terminal Renovation, Phase II, Type II - \$188,391.00
No. 85-0172 Contract modification to provide: 1) Relocation of main telephone and 12,000-volt power cables; 2) Structural steel modifications; 3) Replacement of an existing elevator; 4) Additional plumbing for drinking fountains; 5) Substitution of test proven metal panels for untested panels.
13. Award of Professional Service Agreement
for Corrosion Survey of San Francisco International Airport - \$29,850.00
No. 85-0173
14. Professional Services Agreement
Wadell Engineering Corporation
Extension of Time
No. 85-0174 Approval of extension of time for Professional Services Agreement with Wadell Engineering Corporation for the design and construction of Contract 1371, Reconstruct and Overlay Runway 1L-19R. There is no charge in the contract cost.
15. Declaration of Emergency - Power Cable 48C-2
Sewage and Industrial Waste Pumping Stations
No. 85-0175 Proposed resolution declaring the existence of an emergency in the failure of Power Cable 48C-2 serving Sewage Pumping Station 6A and Industrial Waste Pumping Station C, directing the Director of Airports to

effect the necessary replacement and requesting the Controller to certify funds needed to effect such repairs.

Power Cable - \$20,000.00

* * *

G. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:20 AM to go into closed session.


Jean Caramatti
Commission Secretary



SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

JULY 2, 1985

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DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

July 2, 1985

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Minutes
of the
Airports Commission Meeting

July 2, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Commissioners Morris Bernstein,
Z. L. Goosby,
J. Edward Fleishell,
Athena Tsougarakis

Absent: William K. Coblentz

* * *

C. ADOPTION OF MINUTES:

The Minutes of the regular meetings of May 21, 1985 and June 4, 1985 were adopted by order of the Commission President.

No. 85-0224

No. 85-0225

* * *

D. DIRECTOR'S REPORTS:

1. Report on Naming of Airports Streets and Roads

Mr. Turpen said that this report is in response to the Commission's suggestion that staff pursue the naming of Airport streets and roads. He called the Commission's attention to Paragraph 4 and said it should read "After persons who have provided the City of San Francisco in the field of transportation or the Airport with either significant achievement or outstanding service...that no street or road shall be named after a living person unless that individual has not been affiliated with the Airport for a period of at least five years."

Commissioner Goosby felt the wording was convoluted.

Mr. Turpen welcomed any suggestions from the Commission. He said that staff has tried to develop some sort of criteria and the Commission can accept or reject any or all of the recommendations.

Commissioner Fleishell suggested that Mr. Turpen might want to check any interest the Mayor might have in the South Terminal being named after her.

Commissioner Goosby added that a street should be named after the Mayor.

Mr. Turpen suggested revising the report to state that the Commission, at its sole discretion, can make whatever decisions it wishes.

Commissioner Fleishell said that the requirement of 4-votes to name a street was a very good suggestion.

Mr. Turpen said that staff would keep the 4-vote requirement and waive the rest. He said that the Commission can name a street or road after anyone they care to.

Commissioner Goosby asked if staff was going to drop items one, two and three.

Mr. Turpen responded that item 4 would also be dropped.

Commissioner Goosby felt that some language should be included so that an effective selection process would be maintained.

Mr. Turpen said the language would be cleaned up.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell said that Senator Petris has introduced Senate Bill 106. This bill would essentially require all real estate brokers to provide information to the buyer of residential property, or property with up to four units, advising them of all the defects of the property, i.e. that it is located on a swamp, or next to a leather tanning factory. He suggested having the bill amended to require the disclosure that the buyer's property is located within the 70-decibel area. He said that Commissioners Bernstein and Coblentz agreed that this should be pursued. Mr. Gilles recommended not trying to amend the bill as it has already passed the Senate and is now in the Assembly. He said that since his group prints the forms and sells them to real estate brokers he suggested that the appropriate language be added to the form.

Commissioner Fleishell said he had counsel prepare the appropriate language which was sent to Ed Gerber who, in turn, was to talk to Gilles and the California real estate brokers urging them to include it in the mandatory document.

Commissioner Fleishell added that people who buy homes within the 70-decibel area cannot institute litigation and this legislation at least warns them of that fact.

* * *

F. POLICY:

2. Review of Airports Commission Small Business Policy

No. 85-0207

Review and compare the Commission's Small Business Policy with the policies of other agencies.

Mr. Turpen said that the Commission has asked staff to review the Airport's Small Business Policy. Included in staff's review are the small business definitions used by L.A. and Oakland. Staff recommends that we increase the single individual limit to \$600,000.00 from \$500,000.00 and maintain the \$2-million annual gross sale cut-off for companies with more than one principal. He said that staff feels this will update the single individual limit defined in 1982.

Commissioner Fleishell asked if that meant \$500,000.00 per year.

Mr. Turpen responded that it was the total for each of the past three years.

Commissioner Goosby said that he felt the Airport would be in conflict with the Human Rights Commission's small business definition. He said that a small business can gross \$2-million per year and qualify under the Human Rights Commission's definition but the Airport defines small business as not exceeding \$500,000. Commissioner Goosby said the Board of Supervisors adopted as official City policy the Human Rights Commission's small business criteria and that the Airport is not following the policy of the City and County of San Francisco in setting the \$500,000.00 gross per year.

Commissioner Goosby continued that the effort of this Commission in setting up a small business policy was to aid small local businesses in getting a piece of the concession action at the Airport. He said the Airport is not just looking for the new entrepreneur but the businessman with a track record and that is why he would like to raise the minimum. He said it is not his intention, nor the Commission's intention, to insure the failure of the small marginal local business. The Airport wants small but strong minority businesses who may very well have had a gross of \$750,000.00 one year. He added that the United States Government criteria has even a larger minimum. Commissioner Goosby said he has received complaints over the past year from businesses wanting to come to the Airport but have been eliminated because of the minimum.

Commissioner Goosby said he would vote against this item. He thought that raising the minimum to \$1-million for one principal and \$4-million for a conglomerate would be better than the current figures.

Commissioner Tsougarakis asked what the City policy is.

Angela Gittens, Deputy Director for Business & Finance, responded that in the HRC ordinance for the MBE/WBE/LBE coordinates the standard small is set at \$2-million total. She said there was no recognition of the number of individuals involved in the business. HRC has agreed, administratively, to continue to certify our small business contracts on our criteria. At this point HRC does not particularly see a conflict.

Ms. Gittens said there has been minority business enterprise in each of the last four bids done as small business set asides so she felt the policy is working. She said that as far as she knew the Airport is the only City department that has a small business policy.

Commissioner Goosby said the Port has adopted the Human Rights Commissions' definition. He said that according to reports he has received, some businesses have not even bothered to show up to bid because they knew they would be eliminated as a result of the minimum.

Commissioner Tsougarakis clarified Ms. Gittens' comments by saying that the last four contracts have been awarded to small business enterprises under the Airport's definition. She said it doesn't matter how many came in because all four were awarded to minorities.

Commissioner Goosby pointed out that more small businessmen would be included with a higher minimum. He felt that a business making \$600,000 or \$750,000 a year is still a small business. He argued that the lower minimum brings in marginal businesses just starting out. He said that the purpose is not to let them get a foot in the door only to have them go broke.

Commissioner Goosby said that George Agnost, the City Attorney, opined that it is unconstitutional to have set asides for minorities, however, there could be set asides for small business. He said the small business policy was adopted because most minority businesses are small. The low minimum, however, only serves to eliminate a lot of minority businesses.

Commissioner Tsougarakis asked how many of the four were new businesses.

Ms. Gittens responded that one was new, the other three were existing.

Ms. Gittens added that the HRC guideline is a \$2-million total so if we were to stay within those guidelines we would not be able to go up to \$3-million, \$4-million or \$5-million for a multiple-person enterprise.

Commissioner Fleishell said that his idea of a minority enterprise program is not to take the rich, politically oriented minority doctor or lawyer and make him richer. His idea is to exemplify what has been done with a minority group in the Central Terminal. He said that SFO is doing 25 times better than Atlanta ever dreamed of doing. They put together a minority group all of whom were already well off.

Commissioner Fleishell said Dr. Goosby had a good point; at what point does a minority put himself out of contention? He said that is a paradox that runs through all of our bidding. He cited the bus contract as an example of an operator who has been on the job but because he has had the same employees for a great number of years he ends up pricing himself, in part, out of the bidding process. He said that two or three of the original people in business in the Central Terminal have been successful bidders on the next phase of Airport concessions. He said he did not know what the answer is but he did not think the little guy who is trying to get ahead should be knocked out of the box because a company finds a silent, politically active minority who offers a partnership.

Commissioner Bernstein said he would like to see the limit raised so that the Airport could get better concessionaires.

Commissioner Tsougarakis did not see anything wrong with the policy since there is evidence that it is working at the Airport.

Commissioner Fleishell added that the Airport has contracts that go out to competitive bid where many times only one bid is received. He asked Dr. Goosby what numbers he felt would be appropriate for a small business.

Commissioner Goosby responded that he could support a \$1-million/\$4-million combination.

Commissioner Tsougarakis responded that that would be going against what the City is doing.

Commissioner Goosby said he would would like to see the Airport assume the Human Rights Commission figure of \$2-million.

Commissioner Goosby said that the City defines anyone, whether an individual or a group, that grosses \$2-million a year or less to be considered a small business.

Commissioner Tsougarakis responded that the Airport looks harder at this sort of thing because its in our specific interests to try and give the little guy a chance.

Commissioner Goosby said that Asian, Hispanic and Black businessmen see this as being restrictive.

Commissioner Tsougarakis responded that the last four bids have been awarded to viable, small, successful businessmen.

Commissioner Goosby responded that he knew many people who were not qualified because of the low minimum. He said that as a minority person he is interested in building up the size of minority businesses.

Commissioner Tsougarakis responded that those businesses were not knocked out by majority enterprises.

Commissioner Goosby argued that they were knocked out because they had too much money.

The following item was removed from calendar.

3. Surety Payment Policy

Resolution establishing Surety Payment Policy for Airport tenants.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously approved.

4. Airport Motor Coach Service Agreement - Prequalification Documents

No. 85-0208

Resolution approving the list of qualified bidders for the Airport Motor Coach Service Agreement.

Ms. Gittens said that the prequalification documents were due on June 7. Documents from eight companies were received and all eight companies were shown to be qualified. She said there is a protest by a potential bidder who could not meet the deadline and wishes to be considered.

Commissioner Bernstein called on Mr. White to address the Commission.

Mr. Martin White, representing the Guiton Bus Company, said he has been associated with the staff of the Airport for the last twenty years.

Mr. White said he receives most of the Airport bid specifications. He said that there was a prebid conference last year and the specs went out shortly thereafter. He was not able to attend the prebid conference and requested Airport staff send his client a copy of the bid specifications. He said that he recently found out that his client's San Francisco office is shared with another major bus company and indications are that they did not receive the specifications.

Mr. White said that after nine months the new bid specs went out on May 10. He said he spoke with staff on a couple of occasions and felt that he was going to get a copy of the bid specs. He found out the bid specifications were out on the day the pre-qualification forms were to be submitted. He said that the pre-qualification document simply required that the bidder state his interest, capacity and experience.

Mr. White said that the Guiton Bus Company is a minority owned business, celebrating its 25th anniversary serving Northern California. Guiton has IUC permits for all 52 states, and works out of the East Bay terminal where it shares office space with Grayline. It has routes for Contra Costa County, Alameda County, and Solano County and regularly brings people in from those locations on a route basis. He said they are a qualified organization with almost 25 busses available. Many of those busses will meet the criteria and they are capable of providing additional busses.

Mr. White said he did not know how the mixup occurred. He said he has worked with the Human Rights Commission and with Sandra Crumpler all through the years to encourage small business and minority business opportunity. He hoped the Commission would allow Guiton to bid on this contract.

Commissioner Goosby asked why they did not receive the second set of specifications.

Ms. Gittens responded that the final specifications for the Motor Coach contract were sent unsolicited only to those who attended the pre-bid conference or who had indicated an interest during the nine-month process since the pre-bid conference. Also, in accordance with normal procedure, a notice appeared in the Progress on May 12.

Commissioner Goosby asked if Guiton was arbitrarily removed from the list because they did not attend the first pre-bid conference.

Ms. Gittens said it was not done arbitrarily. The original list had approximately 400 names on it. The final list went to pre-bid conference attendees and others who indicated an interest (she used SFO Continental Air Transport as an example explaining that there were three individuals involved, two of whom had not attended the pre-bid conference but had indicated an interest).

Commissioner Goosby asked Mr. White if he had been under the impression that because he was on the list to get the original specs he would have gotten any subsequent specifications that were mailed.

Mr. White answered that he had been under that impression and that he had been in contact with the Airport on a very regular basis. He added that the last time he spoke to Airport staff a law suit had just cleared the way for the lease and he wanted to make sure he received it.

Commissioner Bernstein said that this has received a lot of publicity in the newspapers, on the radio and on television and asked Mr. White why someone in his organization did not follow through.

Mr. White responded that on May 10 he was called to go to Minnesota for two weeks. He said he had been in touch with the Airport not three weeks before. He assumed that since he was on the mailing list and he was talking to people on a regular basis concerning it that he would receive the specs.

Commissioner Bernstein asked if there was anyone in his organization that would be cognizant of the fact that he had not received the specs. He wondered how a business this size could be run where one man is so indispensable.

Commissioner Fleishell asked how many times this item had appeared on the Commission's calendar.

Ms. Gittens responded at least twenty that she could recall.

Commissioner Fleishell said there have been at least twenty hearings on this. On each of those twenty occasions he had noticed in the audience at least six bus companies who follow this day to day, hour to hour. He said that half of the people in the room today are in the bus business.

Mr. White asked to express just a little bit about his background.

Commissioner Fleishell said that he did not think that was relevant. He said that the issue was why should the Airport change its procedures and penalize the folks who followed them in order to open the door for other people.

Mr. White responded that the Airport's procedures states that "...any interested parties not included on the Director's listing of eligible bidders may appear before the Airports Commission and appeal the Director's recommendation in this regard." He said he was following procedure. He said that his work on behalf of minority businesses and his relationship with the Airport has been something he has done out of his own personal need to know that minority business opportunities are taken advantage of. He added that there was no organization funding him.

Mr. Harold Hodge said he works for the Guiton Bus Company and had talked to Mr. White on different occasions asking where the documents were. He said that Mr. White had told him they were coming. Mr. Hodge said he talked to Tony Galeaz and was told that they had submitted a bid that day. Mr. Hodge called Mr. White with this information. Mr. White in turn called the Airport.

Commissioner Bernstein asked Mr. Hodge who he talked to at the Airport.

Mr. Hodge responded that he talked to Mr. White who in turn talked to Sandra Crumpler and Mr. Lanzilla of the Airport and Ms. Yim of the Human Rights Commission.

Mr. Turpen asked Sandra Crumpler if she recalled the conversation.

Ms. Crumpler responded no; she had talked to Mr. White regarding the parking garage. She said she had not heard from him for almost two years.

Commissioner Bernstein asked Mr. White if he had any notes of the conversation.

Mr. White replied he did not. He said that his conversation with Ms. Crumpler about parking garage was at that pre-bid conference. He said that his conversation with Ms. Crumpler and Mr. Lanzilla was shortly after the suit ended. He said he called to find out about it and discussed the Guiton Bus Company with both of them. Mr. White said he was not asking for a major variance. He said the form simply determines if the company can do the work and if they have the financial backing. He said Guiton is a reputable company and he was simply asking the Commission to allow them to bid. He said that bidding does not presume they will get the contract.

Commissioner Goosby asked if the 400 people on the first pre-bid conference mailing list received the final revision of the specs after the second pre-bid conference.

Ms. Gittens responded that staff did not have a second pre-bid conference.

Commissioner Goosby asked if there was another pre-bid conference after revisions had been made to the specifications.

Ms. Gittens responded that there was a pre-bid conference three years ago and a second pre-bid conference last year. The 400 people on the list received copies of the specifications that resulted from the pre-bid conference held last year.

Commissioner Tsougarakis said that this second pre-bid conference was the mass mailing which included this company.

Commissioner Goosby commented that they did not receive the mailing.

Mr. White said he called after the pre-bid conference and requested the minutes.

Commissioner Bernstein asked Mr. White who he spoke with on staff.

Mr. White responded that he spoke with Mr. Lanzilla. He said he did receive the minutes to the pre-bid conference. He said he has received most other bids and has passed them out to the community and encouraged people to participate.

Commissioner Bernstein said Mr. White seemed to be familiar with Airport procedure. He asked if it ever occurred to him in those nine months to make some inquiry of the Director of the Airport.

Mr. White said he talked to Mr. Lanzilla and to Sandra Crumpler. He said it may not be in her recent memory but he did talk to her about it.

Mr. Bob Werbe of Grayline said Mr. White's comment about sharing office space with Grayline at the Transbay Terminal was not true.

Commissioner Goosby said he did not hear Mr. White mention any company's name; Mr. White said he shared space with another bus company.

Commissioner Tsougarakis said that Mr. White later said Guiton shared space with Grayline in the Transbay Terminal.

Mr. Turpen said that the Commission has the option to waive this or not.

Commissioner Goosby said that this has been a comedy of circumstantial errors. He asked how many people received the pre-qualifying document.

Ms. Gittens responded approximately twenty-five.

Commissioner Goosby said that eight pre-qualification forms were received out of the twenty five. He suggested that the Airport could extend the time and notify all those people who were on the list that they could submit their pre-qualifying documents. In that way everyone would be afforded the same opportunity that Mr. White was asking for the Guiton Bus Company. He said the purpose is to get as wide an assortment of firms as possible to bid in order to get the best deal for the City.

Commissioner Tsougarakis asked what kind of an opportunity are you giving the eight that submitted on time.

Commissioner Goosby responded that whole bids have been thrown out in the past and no consideration was given to those people for all the time and money they spent to submit their bids. He said the effort here is to get "small business" minority participation.

Commissioner Bernstein said so long as it fits within a set a rules.

Mr. Tony Ruiz said he was surprised to see Mr. Hodge at the meeting. He said Mr. Hodge worked for him for two months. Mr. Ruiz said he spoke to Mrs. Guiton and asked her if she was interested in bidding and she told him no. Mr. Hodge was in his office at the time the qualifying bid came in and he was surprised they didn't do anything about it then.

Mr. Hodge said they were only asking for the opportunity to participate in the bid.

Commissioner Bernstein said they must participate within the rules.

5. Design Review Approval:

"Hosiery and Related Gifts" Shop in the North Terminal Building

No. 85-0209

Resolution approving the schematic design of the new "Hosiery and Related Gifts" Shop in the North Terminal Building.

6. Design Review Approval:

"Sunglasses Kiosks" in the North Terminal Building

No. 85-0210

Resolution approving the schematic design of the second sunglasses kiosk in the North Terminal Building.

7. South Terminal Shoeshine Lease - Authorization to Bid

No. 85-0211

Resolution approving the lease document for South Terminal Shoeshine lease and authorization to bid.

Mr. Turpen said this item was based on a minimum annual guarantee. He said that staff sent lease documents and notices to over 300 persons but only three prospective bidders appeared at the pre-bid conference. He asked the Commission to authorize staff to proceed.

The following item was put over.

8. Resolution Approving Expenditure for Art Work in South Terminal Complex - \$76,500.00

As part of the South Terminal Complex Art Enrichment Program, the Airport Joint Committee has recommended the following expenditures:

1. Award contract to artist Vera Kopecek for tapestry at Boarding Area A - \$74,000.
2. Storage and insurance costs for Larry Kirkland's sculpture. Maximum Budget \$2,500.

Commissioner Bernstein asked why the tapestry was so expensive and who was looking at the cost of these items. He also wanted to know who makes the decisions to spend money.

Mr. Turpen asked Regina Almaguer of the Art Commission to respond to Commissioner Bernstein's questions.

Ms. Almaguer stated that the Joint Committee, composed of Airport and Art Commission staff, had approved the item. She could not speak to its cost.

Commissioner Fleishell requested the Joint Committee prepare a report for the Airports Commission.

Commissioner Bernstein also asked Airport staff to prepare a report.

Mr. Turpen responded that the item would be put over and a report will be prepared.

The following items were unanimously adopted.

9. Award of Contract 1782

Replacement of Defective Roofing at Boarding Area 'A' - Rotunda \$73,051.00

No. 85-0212

Resolution awarding Contract 1702 to the Bryant Organization in the amount of \$73,051.00. The budget for the recommended work is \$80,000.

10. Airport Health and Fitness Center

No. 85-0213

Resolution to approve specifications and to authorize staff to hold a pre-bid conference for an Airport Health Center.

Mr. Turpen explained that staff wanted to test the market for this item.

The following item was put over.

11. Professional Services Contract - \$31,000.00

Resolution approving a professional service agreement with KMG Main Hurdman, CPA, to provide a certified appraisal report of the properties of the San Francisco International Airport as of June 30, 1985 at a cost not to exceed \$31,000.00.

Commissioner Fleishell wanted to know who made the consultant selection.

Ms. Gittens responded that a committee consisting of a chief accountant, head accountant, and director of financial planning reviewed the proposals and evaluated them based on pre-set criteria.

Commissioner Fleishell asked if the firm was qualified and were they members of any professional appraisal association.

Mr. Turpen suggested that the item be put over and said staff will send copies of the proposals to the Commission for their review and comment.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

12. Bid Call - Airport Contract No. 1660
Silt Removal 1985

No. 85-0214

Resolution approving the final plans and specifications and authorizing the Director to call for bids for Airport Contract No. 1660, Silt Removal, 1985

13. Award of Airport Contract No. 1649
Cable Replacement - Cable 12TRA-1 and 12BANB-1

No. 85-0215

Resolution awarding Contract 1649.

Six bids were received on May 23, 1985, ranging from \$167,060.00 to \$185,900.00.

14. Award of Airport Contract No. 1638
Emergency Pavement Repairs (1985-86)

No. 85-0216

Resolution awarding Contract No. 1638
to McGuire and Hester in the amount of
\$101,191.00.

Four bids were received on June 6,
1985, with the bid amounts ranging
from \$101,191.00 to \$142,695.00.

Commissioner Fleishell wanted to know why the pipes were not replaced
when the pavement project was implemented.

Dennis Bouey, Deputy Director for Facilities, Operations and
Maintenance, responded that sometimes they are, but not routinely. . .
Staff takes into consideration the setting and theoretical age of the
pipe. He said that in addition to the pipe replacement program staff
studies the hydrolysis in order to better predict the situation.

15. Award of Airport Contract No. 1631
Replacement of 10-Inch Effluent Line at Industrial Waste Treatment
Plant

No. 85-0217

Resolution awarding Contract No. 1631
to Golden State Pipeline in the amount
of \$14,000.00.

Five bids were received on June 18,
1985, with the bid amounts ranging
from \$14,000.00 to \$24,000.00.

16. Approval of Sublease and Amendment between Trans World Airlines, Inc.
and Alaska Airlines, Inc.

No. 85-0218

Resolution approving the Sublease and
Amendment No. 1 to Sublease Agreement
of South Terminal facilities between
Trans World Airlines, Inc. and Alaska
Airlines, Inc.

17. Statistical Adjustments for 1984-85 Joint Use Billings under Lease
and Use Agreement

No. 85-0219

Resolution adjusting 1984-85 Joint Use
Billings pursuant to Section 101.W of
the Airlines Airport Lease and Use
Agreement, Transamerica Airlines, Inc.

18. Tenant Improvement: American Airlines
Air Freight Office Renovation
Plot 9, T-2996 - \$150,000.00

No. 85-0220

No rental credit.

19. Tenant Improvement: Airport Hilton
Fire Protection System Upgrade
Plot 2, T-2994 - \$750,000.00

No. 85-0221

No rental credit.

20. Declaration of Emergency
Water Main and Pavement Repair
Airport Contract No. 1661A,B

No. 85-0222

Resolution ratifying the action of the President of the Commission in declaring the emergency on June 12, 1985, and authorizing the immediate repair of the failed water main and asphaltic pavement.

The following item was put over.

21. Contract with Asian Art Museum of San Francisco

Resolution ratifying the action of the President of the Commission in declaring the emergency on June 12, 1985, and authorizing the immediate repair of the failed water main and asphaltic pavement.

Commissioner Bernstein asked about the cost involved.

Mr. Turpen suggested putting over item 21 and said staff will prepare a report for the next meeting.

Item 22 was unanimously adopted.

22. Request for Approval of Travel/Training for Airports Commission Representatives.

No. 85-0223

* * *

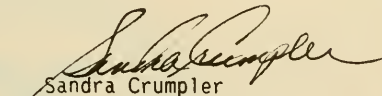
I. CORRESPONDENCE:

There was no discussion of correspondence by the Commission.

* * *

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:54 A.M. to go into closed session.


Sandra Crumpler
Acting Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

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JULY 16, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

WILLIAM K. COBLENTZ

Vice-President

DR. Z.L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

July 16, 1985

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Minutes
of the
Airports Commission Meeting

July 16, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Morris Bernstein
William K. Coblentz
Z. L. Goosby
J. Edward Fleishell

Absent: Athena Tsougarakis

* * *

I. CLOSED SESSION:

The meeting recessed at 9:02 AM to go into closed session and reconvened at 9:15 AM.

* * * *

A court reporter's transcript of this meeting is attached.

C. DIRECTOR'S REPORTS:

1. Status Report on the San Francisco Garter Snake Study

Quarterly report on the San Francisco
Garter Snake Study in Airport's West
of Bayshore property.

* * * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

3. Contract with Asian Art Museum of San Francisco

No. 84-0226

Contract for \$30,000 with the Asian Art Museum of San Francisco for the loan of the Avery Brundage collection of fifty-five Indian sculptures, mid-November, 1985 through March, 1986, in conjunction with the Year of India.

4. Professional Services Contract:

KMG Main Hurdman, CPA, for Certified Property Appraisal Report

No. 85-0027

Resolution approving a Professional Service Agreement with KMG Main Hurdman, CPA, to provide a certified appraisal report of the properties of the San Francisco International Airport as of June 30, 1988 at a cost not to exceed \$31,000.00.

A property appraisal report is required by Charter every five years. The last appraisal report was made as of June 30, 1985.

5. Resolution Approving Expenditure for Art Work in South Terminal Complex - \$76,500.00

No. 85-0228

As part of the South Terminal Complex Art Enrichment Program the Airport Joint Committee has recommended the following expenditures:

1. Award contract to artist Vera Kopecek for tapestry at-Boarding Area 'A' - \$74,000.00
2. Storage and insurance costs for Larry Kirkland's sculpture - maximum budget: \$2,500.00.

* * * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

6. Award of Contract No. 1632
Emergency Roofing 1985-86

No. 85-0229

Resolution awarding Contract No. 1632 to the Bryant Organization in the amount of \$45,135.00.

Two bids were received on June 25, 1985 with the amounts ranging from \$45,135.00 to \$56,850.00.

7. Contract 1408 - Bid Call
Weatherproofing Existing Exterior Windows at Boarding Area 'A'
Connector

No. 85-0230

Resolution approving bid call for weatherproofing the exterior windows of the Boarding Area 'A' Connector.

8. Contract 1414AB - Type II Modification
Boarding Area 'B' Renovation/South Concession Area - \$96,968.00

No. 85-0231

Contract modification to provide additional work for unforeseen conditions, tenant lease areas, and deficiencies in plans and specifications.

9. Professional Service Agreement - Extension of Time
Daniel, Mann, Johnson & Mendenhall

No. 85-0232

Extension of time for Professional Services Agreement with Daniel, Mann, Johnson & Mendenhall for the design and construction of South Terminal aircraft aprons, Phase I - no change in the contract cost.

10. Approval of Increased Scope of Work for Professional Services
Contract with Group 4/Architecture, Research & Planning, Inc. -
\$9,000.00

No. 85-0233

Resolution approving Amendment No. 2 to include architectural and engineering services for the design and construction of an outside public seating area and the shoeshine facilities in the West Entrance Building. Total Budget: \$9,000.00

11. Rental Credit for Western Air Lines, Inc.

No. 85-0234

Resolution approving rental credit for Western Air Lines, Inc. in the amount of \$1,100.00 due to power failure.

12. Tenant Improvement:
Continental Airlines South Terminal and Boarding Area 'A'
Leasehold Improvements - (T-2967)

No. 85-0235

Construction of Continental Airlines' Ticket Office, Ticket Counters, Baggage and Operations Offices, V.I.P. Room and the installation of a baggage system and holdroom equipment, \$997,000.00. No cost to Airport.

* * * *

G. PUBLIC HEARING:

13. Airport Rules & Regulations:
Modification Relating to Limousine Regulations

Public hearing on proposed modification of the Airport Rules and Regulations to bring them into conformance with provisions of the new Limousine Lease regarding pre-registration of the off-Airport limousines picking up pre-arranged passengers.

* * * *

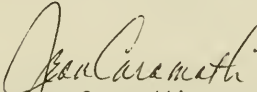
H. CORRESPONDENCE:

There was no discussion by the Commission.

* * * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:04 A.M.


Jean Caramatti
Commission Secretary

MEETING OF THE AIRPORTS COMMISSION
IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO

---oOo---

SAN FRANCISCO CITY HALL, ROOM 282
SAN FRANCISCO, CALIFORNIA

Tuesday, July 16, 1985, 9:20 a.m.

Taken Before CHARLOTTE CERVANTEZ
Notary Public in and for the County of Alameda
State of California

C.S.R. License No. 4486

ALAMEDA COUNTY

SAN FRANCISCO AIRPORTS COMMISSIONERS

HONORABLE MORRIS BERNSTEIN, President
HONORABLE WILLIAM K. COBLENTZ, Vice-President
HONORABLE DR. Z.L. GOOSBY, Commissioner
HONORABLE J. EDWARD FLEISHELL, Commissioner

LOUIS A. TURPEN, Director of Airports
DONALD GARIBALDI, Airport General Counsel
JEAN CARAMATTI, Airports Commission Secretary

P U B L I C H E A R I N G

AIRPORT RULES AND REGULATIONS

Modification Relating to Limosine Regulations

<u>Audience Speakers</u>	<u>Page</u>
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ROBERT WHITE	11
ANDREW FENYES	19
SKIP HOUSE	22
BETTY ROSE	25
JOE WEEKS	28

P R O C E E D I N G S

MR. TURPEN: Ladies and gentlemen, thank you for bearing with us during the closed session. The Airports Commission was discussing pending litigation matters with its outside counsel.

MR. BERNSTEIN: Mr. Turpen, do you want the Director's Reports?

MS. CARAMATTI: Item 1, Status Report on the San Francisco Garter Snake Study.

MR. TURPEN: The report is self-explanatory, sir. The study which the Commission has authorized on the western bay shore property will continue through the end of the year as authorized by the Commission at their December 11th, 1984 meeting. At the end of that time hopefully we will have sufficient information to develop any mitigation measures necessary for the western bay shore property.

MR. BERNSTEIN: All right, next?

MS. CARAMATTI: Item 2, Operation of a Sixth Car Rental Service.

MR. TURPEN: Once again, this report is direct; we had four companies, off-airport companies, that asked us to bid a sixth rental car concession agreement. The airport sent notices to 55 companies, including the four that had specifically requested a pre-bid conference. No one showed up, including the four, and therefore I suggest that we not pursue this matter and consider it closed.

MR. BERNSTEIN: That's item 2.

1 MR. TURPEN: Yes, sir.

2 MR. BERNSTEIN: All right, thank you.

3 Miss Caramatti, next?

4 MS. CARAMATTI: Items Initiated by Commissioners.

5 MR. BERNSTEIN: Anything?

6 MR. FLEISHELL: No, sir.

7 MR. BERNSTEIN: Anything?

8 MR. TURPEN: No, sir.

9 MR. BERNSTEIN: How about Items for Administration,
10 Item 3?

11 MS. CARAMATTI: That's item 3, contract with Asian
12 Art of San Francisco.

13 MR. COBLENTZ: I move that item of the contract be
14 approved.

15 MR. FLEISHELL: Second.

16 MR. GOOSBY: I just have a question. Do you know if
17 part of the budget that we're going to fund, the budget of
18 \$30,000, a portion of it, if it called for the labor of trained
19 museum technicians to work on the construction? Do you know if
20 those people are taken from our Civil Service bureaus, or are
21 they private employees of the agent architect?

22 MR. TURPEN: I'd have to check on that.

23 Regina, do you know?

24 MS. ALMAQUER: I didn't hear the question.

25 MR. TURPEN: There's \$3800 in labor for the Indian
26 sculpture from the Asian Art Musuem. They talk about trained
27 museum technicians to work at the airport and trained museum
28 technicians to construct sculpture supports. Are those Civil

1 Service classifications in the museum?

2 MS. ALMAQUER: They do have classifications. I
3 don't know if the workers would come from that. We'd have to
4 check on that.

5 MR. TURPEN: I believe they might be civil. I can
6 check on that and let you know.

7 MR. GOOSBY: Yes, I'd like to know, because it's an
8 excellent opportunity and honor, whether they have a training
9 program for the operation, whether we have any influence over,
10 or whether The City has any influence, or whether this is
11 strictly an Asian Art private employee, I'd like to know.

12 MR. TURPEN: I see. Okay, sir.

13 MR. GOOSBY: Thanks.

14 MR. BERNSTEIN: Just one comment, Lou. I hear from
15 everyone about those at the airport or arrive at the airport of
16 the fabulous exhibits we have there now. Isn't there any way of
17 getting a little publicity so more people will hear of it, see
18 it?

19 MR. TURPEN: Yes, sir, matter of fact, something
20 we're looking into right now, and I can have a report for the
21 Commission at the next meeting if you'd like, kind of an outline
22 our program as far as increasing our publicity.

23 MR. BERNSTEIN: I think there are eight... nine...
24 ten exhibits throughout the airport.

25 MR. TURPEN: Yes, sir.

26 MR. GOOSBY: And maybe the newspapers will cooperate
27 with that free, without us paying for it. It helps The City.

28 MR. TURPEN: I'd be delighted to check on that and

1 report at the next meeting.

2 Excuse me, yes sir?

3 MR. BERNSTEIN: Try to give that some attention.

4 MR. TURPEN: Yes, sir, I will.

5 MR. BERNSTEIN: Next?

6 MS. CARAMATTI: We need a vote on the commission.
7 Commissioner Burnstein?

8 MR. BERNSTEIN: Yes.

9 MS. CARAMATTI: Commissioner Coblentz?

10 MR. COBLENTZ: Aye.

11 MS. CARAMATTI: Commissioner Goosby?

12 MR. GOOSNER: Aye.

13 MS. CARAMATTI: Commissioner Fleishell?

14 MR. FLEISHELL: Aye.

15 MS. CARAMATTI: Item 4, Professional Services
16 Contract KMG Main Hurdman, CPA for Certified Property Appraisal
17 Report.

18 MR. FLEISHELL: Second.

19 MR. TURPEN: This item was pulled from the last
20 meeting. I trust the Commission's concerns in this matter have
21 been resolved, or answered anyway.

22 MR. BERNSTEIN: Right. Same vote.

23 MS. CARAMATTI: Item 5, Resolution Approving
24 Expenditure for Art Work in South Terminal Complex \$76,500.

25 MR. COBLENTZ: I'll move this. I wasn't here at the
26 last meeting. I understand that the Jason Yuen has forwarded to
27 you a report on this.

28 Let me say as a member of the Committee representing

1 the airport, we reviewed a number of tapestries. This happened
2 to be the cheapest, but we didn't choose it because it was the
3 cheapest; we thought it was the most meritorious, the most
4 artistic. We didn't look at the... what went into it, but we
5 did know that it's going to take approximately one year for this
6 woman to complete this work of art. We think it's handsome. We
7 think it enriches the airport, and it was unanimously
8 approved -- Jason Yuen, Howard Friedman and myself representing
9 the airport along with the three representatives of the Art
10 Commission -- it was unanimous.

11 MR. GOOSBY: Do you have the picture of it that she
12 had?

13 MR. COBLENTZ: Yes.

14 MR. YUEN: Do you want to see it now?

15 MR. GOOSBY: Yes.

16 MR. YUEN: It's basically a tapestry like this but a
17 cross between this and that. It's a small one like this, in
18 this shape (indicating).

19 MR. GOOSBY: But those aren't the figures?

20 MR. YUEN: No. It's generally this color pattern,
21 with all kinds of different colors.

22 MR. GOOSBY: Geometric design rather than a figure.

23 MR. YUEN: Yes.

24 MR. COBLENTZ: Um-hum.

25 MR. BERNSTEIN: Is this the one we postponed last
26 week?

27 MR. TURPEN: It is, yes.

28 MR. BERNSTEIN: Are you saying you and Howard went

1 over it?

2 MR. COBLENTZ: Jason, Howard and I sat on the
3 committee, we reviewed all of the submissions, and we were
4 unanimous on our choice.

5 MR. BERNSTEIN: I thought the tapestries were scenic
6 and I thought we might be able to see them.

7 Next? Oh, question?

8 MS. CARAMATTI: Is there a vote?

9 Commissioner Burnstein?

10 MR. BERNSTEIN: Yes.

11 MS. CARAMATTI: Commissioner Coblentz?

12 MR. COBLENTZ: Yes.

13 MS. CARAMATTI: Commissioner Goosby?

14 MR. GOOSBY: Yes.

15 MS. CARAMATTI: Commissioner Fleishell?

16 MR. FLEISHELL: Yes. I move the consent.

17 MR. COBLENTZ: Second.

18 MR. TURPEN: No comment.

19 MR. BERNSTEIN: Same vote.

20 Now, next we have the general.... You can call
21 that, Miss Caramatti,

22 MR. TURPEN: Public Hearing.

23 MS. CARMATTI: We have Item 13, Public Hearing,
24 Airport Rules and Regulations, Modification Relating to Limosine
25 Regulations.

26 MR. COBLENTZ: The item, for the purpose of bringing
27 it before the commission rules, it's adopted.

28 MR. TURPEN: As the commission is aware, for the

1 benefit --

2 MR. FLEISHELL: I second it.

3 MR. TURPEN: For the benefit of the audience, the
4 Airports Commission by its rules typically conducts a public
5 hearing on any changes to its rules and regulations; it accepts
6 public testimony with respect to those rules -- potential
7 changes in the rules and regulations; deliberates that
8 testimony; and will at a subsequent meeting, more than likely
9 the first meeting in August, first commission meeting in August,
10 which would be the first Tuesday in August, will then consider
11 and vote upon those changes to the rules and regulations.

12 There will be no decision made by the Airports
13 Commission today. The Commission's purpose in conducting a
14 public hearing is to solicit public testimony. The Commission
15 also by its rules requires that speakers to any issue of public
16 testimony maintain their remarks at three minutes or less and
17 would really appreciate, if someone has made the point you want
18 to make, your giving your time to someone else who might have a
19 new point to make.

20 With that, I'd like to just briefly introduce the
21 subject for the Airports Commission. As the commission's aware,
22 a new limosine service lease was awarded Associated Limosines of
23 San Francisco, and that lease is scheduled to go into effect in
24 the next... probably in the next 60 days. It is an exclusive
25 lease, and in order to protect exclusivity of Associated, the
26 airport has developed some procedural changes to its rules and
27 regulations to insure that that exclusivity can be protected.

28 Specifically, this requires, during periods in which

1 the booths are open at the lower level of each of the terminal
2 facilities, that limosine operators desiring to pick up clients
3 have their waybill time stamped at the limosine location. In
4 the event that the limosine desk is closed, then off-airport
5 limosine persons could go directly to the gate and pick up their
6 party, as very much is the case today.

7 These changes are being recommended to improve our
8 current situation, to give it a little more structure, to
9 protect the exclusivity of the operator that bid and was
10 successful in competing for the on-airport limosine services.
11 With that I will turn it over to the Commission President for
12 any comments the audience might have.

13 MR. BERNSTEIN: Are there any comments on the part
14 of the Commission at this time?

15 Mr. Haddock, you were asked to be heard on the
16 airport limosines.

17 MR. HADDOCK: My name is Jerry Haddock, I'm the
18 Executive Vice-President with Airport Limosine. I have to
19 apologize a little bit for not meeting the normal criteria of
20 the limosine operator/owners; I don't wear white socks and I
21 didn't drive a cab prior to this time.

22 My background has basically been in labor relations
23 for Consolidated Freightways and Vice-President of Burlington
24 Northern and a President of Delta Lines. My labor experience
25 has created somewhat of a problem for me inasmuch as addressing
26 the issue of the designated loading zone and so forth that is
27 described in the proposal.

28 I guess my labor relations background has always led

1 me to be somewhat suspicious when you enter into negotiations,
2 such as we did on all the language, and up until six weeks ago,
3 both Associated and the staff were very adamant that you would
4 not have representatives in the airport, and that everyone had
5 to register at their desk. Then they turn around and do the
6 exact opposite and agree with the initial proposal that we had,
7 which was that we needed to have representatives inside the
8 airport because of our amount of volume that we handle there.

9 We stand ready to support the language as it is
10 written currently, as long as the true spirit and intent that is
11 in there is that we have the right to meet our reserve
12 customers, and we do no soliciting, and that we are allowed to
13 pick up in the same location that Associated Limosine will, and
14 that that designated loading zone as described in there does not
15 end up being at Tanforan Shopping Center, as an example. So,
16 with that, if there's anyone who has any questions, or if you
17 want me to address something else, I would be happy to do so.

18 MR. TURPEN: Thank you.

19 MR. BERNSTEIN: Thank you very much, Mr. Haddock.

20 MR. FLEISHELL: I have one question at this point.

21 MR. BERNSTEIN: Yes.

22 MR. FLEISHELL: It's will we have one loading zone
23 at each terminal for the use of all limosine operators?

24 MR. TURPEN: Sheldon will respond on that.

25 MR. FEIN: The loading zone under this proposal is
26 the same exact loading zone as we currently have. When the
27 limosine operator brings their party out to the curb with their
28 baggage, then they bring the vehicle around from the garage and

1 park in front of the building in any white zone, just to
2 actively load and unload the passengers.

3 MR. BERNSTEIN: A regular white zone, right?

4 MR. GOOSBY: A regular white zone.

5 MR. FEIN: Yes, the same as any passenger car. And
6 that portion of the rule is absolutely unchanged from what we
7 have today.

8 MR. FLEISHELL: So, the exclusive operator will use
9 the same loading zone as the person from whom we obtain no
10 money. Right?

11 MR. FEIN: That's correct.

12 MR. FLEISHELL: Okay, just so it's clear.

13 MR. TURPEN: Thank you.

14 MR. BERNSTEIN: Mr. Robert White from Feldman,
15 Waldman & Kline.

16 MR. WHITE: Mr. Burnstein and Members of the
17 Commission, I represent in my office 19 limosine operators who
18 in response to the initial set of regulations along with
19 approximately a hundred others attended a meeting with the
20 Airport Commission Staff, the result of which has been some
21 significant changes with the proposed regulation, and we
22 appreciate their cooperation.

23 I'd like to take this opportunity to set some public
24 records clarifications we obtained at our last meeting with the
25 Staff and express one reservation that we have regarding the
26 Commission's authority to regulate off-airport limosine
27 operations. In just the same light, my clients are acquiescing
28 in this regulatory proposal. In the long run it seems supporting

1 it would be my concern regarding jurisdictions.

2 In terms of specifics regarding the implementation
3 of this proposal, at the last meeting with the Airport Staff, it
4 was understood that curb meets would not be affected by this
5 regulation. Specifically a situation where a client, or one of
6 my clients, says "I'm in a hurry, I don't want to go through a
7 whole lot, I'll meet you at the curb ten minutes after my flight
8 arrives."

9 At the last meeting of the Staff, I understood
10 Mr. Ephanio of the Staff to state that the regulation would not
11 apply to the curb meet situation I've just described. We have
12 one suggestion with regard to the proposed regulation that we'd
13 like the Commission to consider. As proposed, the regulation
14 requires an operator to come to the airport, march up to one of
15 the areas manned by Associated, and put a waybill into a time
16 machine, the purpose for which apparently is to determine what
17 time that operator arrived at the airport.

18 We would propose that a less intrusive means of
19 accomplishing the same end would be to allow off-the-airport
20 operators to rely on the airport parking system's time date
21 stamp machine to provide the evidence of the time of their
22 arrival. In other words, in the majority of instances, other
23 than the curb meet that I've just described, an operator would
24 come into the garage, and as a matter of course would have to
25 get a stamped ticket indicating the time of their arrival.

26 We would ask that the Commission consider using that
27 as evidence of the operator's arrival time, instead of requiring
28 the operator to arrive, park, go to the Associated booth, stamp,

1 and then proceed to return. Our reason for proposing this is
2 essentially a matter of efficiency, in order to allow our
3 clients to meet theirs in a timely fashion.

4 MR. FLEISHELL: Mr. White, did you propose that at
5 your meeting with staff?

6 MR. WHITE: Yes, sir.

7 MR. FLEISHELL: What was their response?

8 MR. WHITE: Their response was that they regarded
9 having a single document, a waybill or a single ticket with a
10 time stamp on it, as a more efficient means of policing the
11 situation that they're concerned with. I happen to disagree,
12 but that was the statement made.

13 MR. COBLENTZ: Sheldon, what's your reaction to
14 that?

15 MR. FEIN: We had a long discussion on this, and
16 there is a problem with having a garage ticket and a separate
17 waybill which is not stamped; and it's hard to enforce a
18 combination of the two documents, because we could have
19 different people coming from the garage at different times and
20 asking to take it back and forth. Whereas if you walk into the
21 building and actually time stamp that one document, you do have
22 more control over it. We did look into and consider that as one
23 of the alternatives.

24 MR. WHITE: With all respect, my problem with that
25 is that the person who's clever enough to accomplish that can do
26 the same thing with the waybills. So, in terms of efficiency,
27 we would ask the commission to consider the alternative that has
28 been proposed.

1 Another point of clarification I'd like to make at
2 the meeting is: My impression is that the time stamping machine
3 would not be recording the number of stampings that take place.
4 That is, no attempt would be made -- and my clients are
5 concerned -- about the confidential nature of their business.
6 They wouldn't want to be in a position that every time they're
7 stamping in, that the number of times that such an event occurs
8 would be being recorded. I'd like to ask the staff to make a
9 clarification of that.

10 MR. FEIN: We will just have simple time stamps out
11 there. There will be no recording of the number of stampings.

12 MR. WHITE: Thank you. The final matter I'd like to
13 address is a matter of the Commission's intent in terms of
14 regulating the problem of piracy. One of the problems that I've
15 had, and my clients, in trying to respond to this particular
16 proposal is trying to understand exactly what it's to
17 accomplish.

18 In listening to Mr. Turpen's opening remarks, I
19 understand that what's being done is to protect the interest of
20 the lessee -- that is, the lessee has an exclusive right to meet
21 customers in the airport -- that the purpose of this regulation
22 is intended to protect the lessee's exclusivity. On other
23 occasions we've heard explanations of the regulatory structure
24 as parking control, safety regulations and the like.

25 One of the problems we have had in trying to address
26 the various regulations is that we do not have a clear
27 understanding of what the Commission is attempting to
28 accomplish; that is, we hear, in our discussions with the staff

1 "piracy is an evil, we want to do something about piracy," but
2 what we don't get is an understanding of what's attempted to be
3 accomplished.

4 In conversation with Associated, it's our impression
5 that Associated is not concerned with it's exclusivity relative
6 to pirates. We may be mistaken in that regard, but one of the
7 ways in which we can attempt to meet the concerns of the staff
8 and our own concerns is if we know what the Commission as a body
9 is trying to do with this kind of regulation.

10 I hope I'm not out of line in asking for a statement
11 of policy on I on it, but in terms of the Commission's future
12 intentions as well as in trying to understand what's being
13 proposed, it would be extremely helpful to our clients and I
14 think to other operators situated like my clients to know
15 exactly what the evil is the Commission is trying to address.
16 With that I close my remarks and thank you for your attention.

17 MR. BERNSTEIN: Thank you. Any comment, anything
18 further?

19 All right, the next, Mr. Fenyes, of The Associated
20 Limosine of San Francisco, would like to be heard.

21 MR. FENYES: My name is Andrew Fenyes, General
22 Manager of Associated Limosines in San Francisco. Throughout
23 the discussions that were pertinent to the procedures at the
24 airport, Associated Limosines has not objected to any of the
25 procedures that were brought up. The only one that we have
26 objected to right from the start was the allowance of company
27 representatives by the various limosine companies on premises at
28 the airport.

1 The reason we have objected to it, and in two
2 private meetings that I have had with airport staff we objected
3 to this particular inclusion, was due to the fact that we feel
4 this cannot properly be controlled by Associated Limosine and
5 its staff at the airport, and we feel that judging by problems
6 that we have had in the past, it will probably not be controlled
7 properly by the airport either.

8 We feel that this type of representation by the
9 other companies can be severely abused. We feel this could very
10 strongly cut into our operations at the airport if it is not
11 controlled.

12 MR. COBLENTZ: Excuse me for a moment.

13 Sheldon, what's your response to that? I mean,
14 these people have been the high bidders. We have given them a
15 so-called quote "exclusive." How do we protect in some way that
16 exclusivity for which they've paid substantial consideration?

17 MR. FEIN: Well, first of all, from the meeting of
18 June 20th -- which was the second meeting where we've gone
19 through all the input of the different companies -- at that
20 meeting we did not get any negative input in the package from
21 Associated, and we haven't been contacted since that point in
22 time by Associated about the points that he just brought up.

23 However, the problem comes about when you have a
24 limosine company that has prearranged passengers that may come
25 in at two different terminals. In other words, they may be
26 handling a convention or whatever, and they're putting together
27 a group. One of the people coming in on the airline is in the
28 south terminal, and one comes in from the north terminal.

1 At this point in time the procedure says that if the
2 driver has his waybill, he goes in and let's say picks up the
3 person at the south terminal. A company representative would
4 also have a waybill, would also have to have a time stamp, would
5 have the name of the individual they're picking up in the other
6 terminal building, and pick that individual up.

7 So, be it a driver or a representative of the
8 company, they would have to have a waybill with the name of the
9 airlines, the gate number, the time of the flight, everything;
10 and we would have the same control over any representative of a
11 company picking up a person as if the actual driver of the
12 vehicle went out there. So, we think that we have control over
13 any company representative that may be in the building, and they
14 do have people coming in in different buildings at the same time
15 for the group loading.

16 MR. FENYES: Okay, if I may answer why Associated
17 did not object to these: Associated Limosine objected to this
18 particular inclusion on at least three occasions. I was the
19 person who was objecting to this personally. I've had meetings
20 with Mr. Fein, I've had meetings with Mr. Ephanio, I've had
21 meetings with Mr. Gregory, and I've even had meetings with
22 Airport Limosine.

23 In all of these meetings we have severely objected
24 to this one point. In the initial stages this point was also
25 including uniformed agents for these companies. The uniform
26 part has been dropped, however the rest of it has been added in.
27 Now, at the last Airport Staff meeting, this particular point
28 was brought up only once to my knowledge; and at that time I

1 understood this to be representatives allowed in the situation
2 where a large group arrives all at once on a special occasion
3 where it cannot be handled by any other means but to have a
4 company representative who would distribute these people. Not
5 on a regular basis.

6 I feel that if this was allowed on a regular basis
7 that it would severely be abused. I don't see any way of
8 getting out from under it, and therefore I'm still objecting to
9 it. However, even under objection I feel that if the Airport
10 Commission sees fit to allow this to be in the document and to
11 be allowed -- to allow the other companies to do this, we can
12 go along with it providing that we get substantial guarantees
13 from the airport that this would be properly supervised so that
14 it will not be abused.

15 As for not being able to object, this particular
16 document that is in my hand, due to some errors, arrived in my
17 office Friday afternoon; at which time I called, Friday at
18 approximately 3:00 o'clock, the Airport Staff, finding out that
19 this was even in existence; and it was given to one of our
20 dispatchers and was sent to me at 6:00 Friday afternoon. So, I
21 had no real way of knowing about it.

22 MR. COBLENTZ: Well, I think this is not a final
23 hearing of any of this, and I think your reservations should be
24 taken into consideration and we'll review it.

25 MR. GOOSBY: I think the whole thing could be passed
26 with a three-month or a four-month evaluation to see if
27 changes --

28 MR. COBLENTZ: Yes.

1 MR. GOOSBY: -- could be made after a trial period.

2 Lou, I had a question for those limosine companies
3 that have a problem with a person who says "Pick me up at the
4 arrival area, north terminal. I'll be there, I'll be out in
5 front, get me at 11:30."

6 Now, in our present procedure where he still has to
7 park, even though he knows the person is going to be out in
8 front at the arrival area, does he still have to park in the
9 garage and so forth? In our present procedure?

10 MR. TURPEN: Sheldon will know.

11 MR. GOOSBY: What's the procedure now under this?

12 MR. FEIN: The operation that we have is that no
13 vehicle is allowed to park and wait in the white zones in front
14 of the building.

15 MR. GOOSBY: Well, wait; I told you, suppose he
16 doesn't have to wait, he's there?

17 MR. FEIN: If a person is out in front of the
18 building at a prearranged time with his luggage, any limosine
19 can drive up and pick up their prearranged fare in front of the
20 building and does not even have to go into the garage.

21 MR. GOOSBY: Without a waybill or something like
22 that.

23 MR. FEIN: That's correct. And again that procedure
24 stays the same, because the person is waiting out at the curb.
25 You don't have somebody in the building with a potential to
26 pirate. So, as long as the person is out at the curb with his
27 luggage, the limosine can drive up and pick that person up.

28 MR. GOOSBY: Okay.

1 MR. BERNSTEIN: Well, there are no other speakers,
2 so, I guess, what is the next procedure? Take this under
3 consideration or --

4 MR. TURPEN: Yes, sir, the Commission should close
5 the public hearing, and the Commission Staff would both have an
6 opportunity to consider the comments made, discuss them, and
7 this matter will come before the commission again in April --
8 or, excuse me, in August.

9 MR. GOOSBY: How do we move that the hearings be
10 closed, then?

11 MR. TURPEN: Excuse me, excuse me, there's a
12 gentleman.

13 MR. LONG: Excuse me, I'm sorry, I didn't get to
14 make out a piece of paper.

15 My name is George Long, I'm the Corporate Secretary,
16 Golden State Limosine. I've be in the limosine business now for
17 about 18 years. Gentlemen, we have 3000 passengers a month that
18 come into San Francisco Airport. We have to have company
19 representatives on airport property in order to meet these
20 folks, because they're coming in at all three terminals at the
21 same time. The drivers have no way of knowing who's going to be
22 in their car until the people are there. Then they leave with
23 their passengers and group them accordingly.

24 With 3000 passengers a month we couldn't possibly
25 have a driver running around backwards and forwards trying to
26 pick up passengers. Basically that's all I want to say, is that
27 we need company representatives on ground. You did not give his
28 lease to Associated Limosine in order that they could pirate our

1 business.

2 MR. COBLENTZ: Did you bid on this?

3 MR. LONG: Yes, we did.

4 MR. COBLENTZ: Thank you.

5 MR. LONG: Yes, we did.

6 MR. COBLENTZ: Okay.

7 MR. LONG: However, if we left it up to the drivers
8 to meet our passengers, we would lose over two-thirds of our
9 business in the first month.

10 MR. GOOSBY: Well, the company representatives have
11 provided by the multiple --

12 MR. LONG: From what I understand, the company
13 representative has to stamp his little card?

14 MR. GOOSBY: Yes.

15 MR. LONG: The company representative is going to
16 be -- We figure on having a company representative for each
17 terminal, because with a hundred passengers a day coming in,
18 we've got 35 in any terminal at any given time. Now, this man
19 can't possibly run around stamping his little cards. He's got a
20 computer list ten pages long showing who we pick up where, and
21 where they're going.

22 MR. BERNSTEIN: Did you make your objections noted,
23 or did you ask for clarification?

24 MR. COBLENTZ: Yes, Sheldon will.

25 MR. BERNSTEIN: Sheldon, will you --

26 MR. FEIN: We've had, again, in the meetings that
27 we've held, we've had that input and we've responded to it; that
28 if the representative has a computerized list, then as long as

1 that lists contains the same information we're talking about --
2 the person's name they're picking up, the airline, the time it's
3 coming in, the flight number and so forth, all that
4 information -- then the representative can go up and time stamp
5 that list. He is covered for all the passengers coming in
6 within the next hour. Then if he is picking up another group
7 the next hour, he has to go back and again time stamp. And we
8 have that representative who's to specific people with names and
9 definite information about them.

10 MR. TURPEN: Thank you, Sheldon.

11 MR. BERNSTEIN: Thank you.

12 MR. LONG: Thank you.

13 MR. BERNSTEIN: Well, I think that concludes the --

14 Now, tell me, why didn't you gentlemen fill out
15 these forms?

16 MR. HOUSE: I was never given a form, and there was
17 nobody out there. And I was here at 9:00 clock but --

18 MR. COBLENTZ: Well, I suggest we hear from this
19 gentleman, and then the hearing is closed.

20 MR. HOUSE: I think anyone here that wants to speak
21 should have the right to speak, sir.

22 MR. COBLENTZ: Well, you're speaking, go ahead with
23 it.

24 MR. HOUSE: Well, I have a few points to make. I'm
25 Skip House I'm with Carrey of Nob Hill Limosine Service. And
26 I'll just the points out just for food for thought. It was
27 mentioned protection going to Associated's agreement and the
28 contract with the Airport Commission. I understand that. But I

1 feel the Airport Commission should provide the same type of
2 protection for all servicers who service the airport, which is
3 serving the general public.

4 Second, I feel that the first thought should be the
5 clients, the people who come to San Francisco and leave
6 San Francisco. That should be our main concern. In order for
7 limosine drivers such as most of us to cater to our clients, we
8 have to give a service. Anything that disrupts that service is
9 a hindrance to our production and performance for these clients.

10 Consequently, most of us are professional enough to
11 do a decent, good job. There are a few people abusing the
12 privileges, I understand that. None of us like it. There can
13 be controls of those people. We have P.U.C. permits, we are
14 licensed, we are insured, we're are trained. There's controls
15 on all of those things.

16 For people who come in that don't play the game,
17 don't do the job the way their supposed to, we can spot them.
18 If we have a place to go with them, then we can control them.

19 Also, we don't get cooperation at the airport, from
20 the police or anyone else. That's something to consider. I'm
21 talking about not necessarily the police officers but the, I
22 don't know what they call them, meter maids or whatever. There
23 should be a change there. I think the people who bid for this
24 and got the bid fairly -- I don't even know if my employer bid
25 or not -- but I feel that they do need some protections, and I
26 think we all need that same protection.

27 It might be noted that we get a lot of calls from
28 Butler Aviation to pick up a client. He says go over to the

1 airport, we're going to pick up so-and-so. You can't very well
2 run and get a pass, permit, ticket, whatever this requirement is
3 intended to be, with a situation such as that. He may say come
4 here, I'm going to run in and get the guy, he should be here
5 right now.

6 There's where we lose control of our service to our
7 client. We go off somewhere, they're running around looking for
8 us, we're looking for them. The police officer there is rushing
9 you off to get out of the road. I literally have been told to
10 drive around while I had a client in the car and half the
11 luggage in the car -- more than once; and I bet you that's
12 happened to almost everybody in this room -- because a policeman
13 will come up and have us move.

14 Associated doesn't have that problem because they
15 always have their little spot. And that's fine. I don't knock
16 it. We park our car, meet our clients at the gate now. But if
17 we get our clients at P.S.A. -- that's not a good example, say
18 Eastern, and United is where the stand is, we'd have to go to
19 United, go down to Eastern.

20 Also, I said something about names, give them the
21 name on the card. I don't think any service here would like to
22 give the name of their particular clients --

23 MR. COBLENTZ: They're not going to, they're not
24 going to.

25 MR. FLEISHELL: That's not required.

26 MR. COBLENTZ: That's not required.

27 MR. HOUSE: Fine, I appreciate that. I did hear
28 that the name was mentioned. As I said, this one gentleman just

1 said here that the volume there, one company cannot handle.
2 Five companies cannot handle it. Ten companies can't handle it.
3 It takes all of us together, to work together, to get the job
4 done. And when we put barriers, it makes our job harder, it
5 causes dissension amongst ourselves, against Associated or
6 whoever got the contract. We don't want that, and I'm sure that
7 you don't want that.

8 We want to give you good service. The airport's
9 beginning to look nice. You're spending thousands of dollars to
10 improve the looks of it; let's improve the service of it. Ours
11 is one of the services. Thank you.

12 MR. BERNSTEIN: Thank you.

13 MR. COBLENTZ: I move the hearing be closed.

14 MR. BERNSTEIN: Just a minute.

15 MR. COBLENTZ: I'm sorry.

16 MR. BERNSTEIN: Yes?

17 MS. ROSE: May I speak? I didn't have a chance to
18 fill out a slip.

19 MR. BERNSTEIN: Can't hear that. What?

20 MR. COBLENTZ: She'd like to speak.

21 MR. BERNSTEIN: Fine, but you're the last one,
22 because the meeting is going to be closed.

23 MR. HOUSE: What's the rush?

24 MR. BERNSTEIN: We gave everyone an opportunity to
25 do that, and we will take it under consideration.

26 MR. HOUSE: What's the rush here?

27 MR. WHITE: What's the rush?

28 MR. COBLENTZ: If anyone wants to speak, fill out an

1 application now.

2 SPEAKER FROM AUDIENCE: Where are they?

3 MR. BERNSTEIN: Up at the front.

4 MR. COBLENTZ: And please don't, we asked --

5 Oh, you don't need to fill that one out, if it's
6 repetitious, please.

7 MS. ROSE: I'm Betty Rose, and I represent Flynn
8 Limo and Charter Service. Now, we feel that this proposal is
9 very unfair to the smaller companies. We couldn't bid in this. --
10 We're not allowed to bid because of the money that's involved
11 in this, and we're not interested in doing activities that's
12 going to protect the profit for another company.

13 Now, we have our own business to take care of. We
14 go to the airport, we meet our passengers at the gate. This
15 doesn't have anything to do with the protection of them and
16 their exclusivity, doesn't have anything to do with our gate,
17 meeting our passengers. These are people that you're talking
18 about that are hustling the airport. This has nothing to do
19 with people who are legitimately going out there to pick up
20 their own passengers.

21 Now, we feel that there should be some other methods
22 worked out for their protection. And second, none of the
23 companies are in charge of other companies. As each one of us
24 get our license from the P.U.C., we have our own rights, albeit
25 our own company, within the realm of that license. And we are
26 not responsive to another company's having authority over us,
27 nor do we wish to give up our passenger names to anybody else.

28 We don't know how the airport would intend to

1 protect our rights from our competitor, who would be Associated;
2 how would you protect, for an instance, Associated's taking one
3 of our customers or one of the other company's customers. And I
4 notice in one of the proposals it mentioned that if you miss
5 your customer, then Associated would inform you that that
6 customer is there. And you know, how would we count on this,
7 how would we know this would be done? What protection would the
8 airport be willing to give us?

9 Second, we don't feel that just because the airport
10 makes a contract with one limosine company that they have any
11 right to bind the rest of us by any terms of that agreement.
12 We're not included in the bidding, were not included in the
13 contract. And I think if you -- If they were trying to be fair
14 about the whole thing, they could have a holding line for all
15 the the limosine companies where each member -- each type of
16 transportation could be in that holding lot, the airport could
17 charge a couple of dollars for them to sit there, and then they
18 could all have their rights to have walk-up passengers in there.
19 They could shuttle people there, let the people choose. But in
20 any case, we should have our own right to make our own pickup.

21 This thing would be costly to us. It would cost our
22 people time. And second, we'd have to be paying our drivers
23 more money just to go in that airport to have time to go through
24 with these changes and procedures.

25 One last point I'd like to make is that Associated,
26 in getting this contract with the airport, does not become a
27 representative of the airport. They are merely a service
28 contract, providing a service to the airport. So, they are in

1 no way -- we are in no way responsive to them at all. They
2 don't become our superiors and represent the airport as far as
3 the other drivers -- the other limosine companies are concerned.

4 MR. BERNSTEIN: Thank you.

5 MS. ROSE: Thank you.

6 MR. WEEKS: I just filled out one of your slips.
7 Can I talk here?

8 MR. FLEISHELL: Certainly ... be here all day.

9 MR. BERNSTEIN: Fine.

10 MR. WEEKS: Well, you know, we're going to be at the
11 airport all day if we get this thing passed the way you're
12 talking about.

13 MR. COBLENTZ: You want to come on up?

14 MR. WEEKS: Yeah. Sure. We spend here -- Anybody
15 here in the service knows that it takes, from the San Jose area,
16 maybe 45 minutes to pick your customer up, 45 minutes to get him
17 back.

18 MR. BERNSTEIN: What is your name, sir?

19 MR. WEEKS: My name is Joe Weeks, and I'm with
20 Le Grande Affair Limosine Service in San Jose. Now, everybody
21 here knows that it's a very competitive service, and it takes a
22 half hour to an hour extra to pick up a customer from the
23 airport, just because we have to find them, their planes are
24 always late, the airport sometimes is not as cooperative as they
25 could be on telling us exactly when the plane is coming in.

26 Now, if you add something else to this, you're
27 making this more time-consuming. And it already is. Now, the
28 main point I want to know is who's going to police who signs in

1 and who doesn't sign in? Have we thought about that? Who's
2 going to say "Hey, did you check in? Let me check and see if
3 you did or if you didn't," okay?

4 That's, you know, if nobody's going to police it,
5 then the only ones walking around in there are the pirates. The
6 only ones walking around without something signed from
7 Associated is the pirates; while we, the legitimate limosine
8 services, are going in to check in, the pirates are out on the
9 street.

10 The pirating is not done in the airport 90 percent
11 of the time; the pirating is done on the exterior of the
12 airport. The pirates are not going to check in. The only ones
13 who are going to check in is the guys who are responsible and
14 who are going to take part in the ruling, if this does pass.
15 So, while we're in talking to Associated telling them who we're
16 picking up, the pirates are on the exterior of the airport where
17 there is no signing up grabbing our customers.

18 I don't think that's fair or right, and I don't
19 think this whole bill is going to have anything to do with
20 pirating. I would like to know what is the true reason for
21 writing this up? Is it because Associated paid a lot of money
22 for their contract, and the airport is going to react to any of
23 their wishes or whims because of the amount of the money that
24 they paid? I don't think that's very right. And if that's the
25 reason why this bill is brought up, there's going to be a lot of
26 trouble having to do if it does pass.

27 Is that right?

28 AUDIENCE: That's right (applause).

1 MR. WEEKS: Thank you.

2 MR. COBLENTZ: If there are no further requests, the
3 meeting is adjourned.

4 MR. TURPEN: Fine.

5 MR. COBLENTZ: Are we adjourned now?

6 MR. GARIBALDI: No. We close the public hearing.

7 MR. GOOSBY: So that you understand, this will come
8 in before the commission for a final action at another meeting.

9 MR. TURPEN: August 6th, the first Tuesday in
10 August. The first meeting in August.

11 MR. BERNSTEIN: Anything else, Ms. Caramatti?

12 MS. CARAMATTI: That's it.

13 MR. BERNSTEIN: That's it.

14 (Meeting adjourned at 10:04 a.m.)

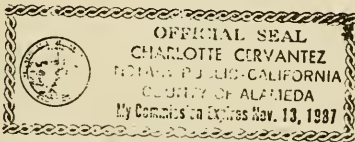
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STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

I, the undersigned, a Notary Public of the State of California, hereby certify that the foregoing Public Hearing was taken at the time and place herein stated; that the proceedings of said Public Hearing were reported by me, a Certified Shorthand Reporter and disinterested person, and were thereafter transcribed under my direction into typewriting; that the foregoing is a full, complete and true record of said hearing.

I further certify that I am not of counsel or attorney for either or any of the parties in the foregoing Public Hearing, nor am I in any way interested in the outcome of the cause named herein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 26th day of July 1985.



Charlotte Cervantez
CHARLOTTE CERVANTEZ
CSR #4486 - Notary Public
State of California

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August 6, 1985

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LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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of the Minutes
Airports Commission

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Minutes
of the
Airports Commission Meeting

August 6, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Morris Bernstein
William K. Coblentz
J. Edward Fleishell
Athena Tsougarakis

Z. L. Goosby arrived at 9:32 a.m.

* * *

C. ADOPTION OF MINUTES:

The Minutes of the regular meeting of June 18, 1985 were adopted by order of the Commission President.

No. 85-0237

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 85-0236 regarding the settlement of litigated claim at the Closed Session of July 16, 1985.

* * *

A court reporter's transcript of this meeting is attached.

E. DIRECTOR'S REPORTS:

1. Progress Report on the I-380 Highway Construction Program
2. Report on Bay Area Teleguide System

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. POLICY:

Item 3 was unanimously adopted.

3. Naming of Airport Streets and Roads

No. 85-0238

Resolution approving the procedures in naming Airport streets and roads.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

Item 4 was unanimously adopted.

4. Modification of Airport Rules & Regulations: Limousines

No. 85-0239

Adoption of proposed modification of the Airport Rules and Regulations to bring them into conformance with provisions of the new limousine lease regarding pre-registration of the off-Airport limousines picking up pre-arranged passengers.

The following item was adopted by a 3-1 vote with Commissioner Bernstein casting the dissenting vote.

5. Award of Lease for Automobile Service Station

No. 85-0240	Resolution awarding lease for Automobile Service Station to Chevron U.S.A. Inc.
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Item 6 was unanimously adopted.

Commissioner Goosby arrived at 9:32 a.m. during comments made by Allan Joseph concerning Item 6.

6. Award of Contract No. 1013:
Computerized Parking Control System

No. 85-0241	Resolution awarding Contract No. 1013 to Trindel America Corp.
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Item 7 was put over.

7. Public Automobile Parking Facilities Operating Agreement -
Prequalification List

Resolution to approve the exclusive
list of firms prequalified to bid on
the Public Automobile Parking
Facilities Operating Agreement.

The following items were unanimously adopted.

8. Authorization to Bid:
Full-Service Baggage Storage Concession Lease

No. 85-0242	Resolution approving modified lease specifications and authorizing lease to be bid.
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9. Renewal of Professional Services Contract with San Mateo County

No. 85-0243	Renewal of professional services agreement between the City and County of San Francisco and San Mateo County wherein the County will be an independent contractor of the City to advise the Commission regarding possible actions to be taken to reduce the impact of aircraft generated noise on the San Mateo County environs.
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10. Revised Five-Year Capital Projects Plan

No. 85-0244

Resolution approving the Airport's revised Five-Year Capital Projects Plan (dated July 26, 1985).

11. Award of Contract No. 1650

Replacement of 4KV Power to Field Lighting Building

No. 85-0245

Resolution awarding Contract No. 1650.

Ten bids were received on July 2, 1985, ranging from \$76,199.00 to \$110,000.00.

12. Award of Contract No. 1606

Stone Walkway in Atrium
Boarding Area "D"

No. 85-0246

Resolution awarding Contract No. 1606 to Angotti and Reilly, Inc., in the amount of \$142,200.00.

Four bids were received on June 19, 1985, ranging from \$136,460.00 to \$221,904.00.

13. Tenant Improvement:

United Airlines

No. 85-0247

- a. MOC Ramp Pavement Repairs
\$96,000.00 - T-3016
- b. MOC Transformer Replacement
\$317,000.00 - T-3015. No rental credit.
- c. UAL Plot 4 Boiler Plant Conversion
\$550,000.00 - T-3017. No rental credit.

14. Tenant Improvements:

A. U.S. Air - South Terminal and Boarding Area 'A'
Leasehold Improvements - (T-2971)

No. 85-0248

Construction of U.S. Air's ticket offices, ticket counters, baggage and operations offices and the installation of holdroom equipment, \$240,000. No cost to Airport.

B. Republic Airlines - South Terminal and Boarding Area 'A'
Leasehold Improvements - (T-3001)

85-0249 Construction of Republic Airlines' ticket offices, ticket counters, baggage and operations offices and the installation of a baggage system and holdroom equipment, \$600,000. No cost to Airport.

C. PSA - South Terminal and Boarding Area 'A'
Leasehold Improvements - (T-2973)

No. 85-0250 Construction of PSA's ticket offices, ticket counters, baggage and operations offices and the installation of a baggage system and holdroom equipment, \$1,800,000. No cost to Airport.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

15. Airport Improvement Program (A.I.P. No. 6)
Project Application for \$600,000.00

No. 85-0251 Resolution approving the filing of an application for Federal assistance under the Airport Improvement Program for \$600,000.00.

16. Bid Call: Airport Contract No. 1629
Replacement of Safety Railings at Water Pollution Control Plant

No. 85-0252 Resolution approving the final plans and specifications and authorizing the Director of Airports to call for bids for Airport Contract No. 1629, Replacement of Safety Railings at Water Pollution Control Plant.

17. Tenant Improvement:
FAA Power & Control Cable for Airfield Facilities

No. 85-0253 \$35,000.00 - T-2993. No cost to City.

18. Approval of Expenditure by Art Commission for Maquette for Wall Mural at Boarding Area B

No. 85-0254

Resolution approving \$3,000 to four artists (\$750.00 each) for conceptual design and maquette.

19. Settlement of Claims Not Exceeding \$2,500.00

No. 85-0255

Resolution approving the action of the Director of Airports, with the approval of the City Attorney, in the settlement and compromise of claims not exceeding \$2,500.00.
Total - \$13,444.51.

* * *

J. PUBLIC HEARING:

The Public Hearing on Items 20 and 21 was opened at 10:05 a.m. and closed at 10:22 a.m. after public testimony had been taken.

20. Airport Rules and Regulations Modification Relating to Rental Car Courtesy Vehicles

Hearing on proposed modification of the Airport Rules and Regulations requiring all rental car courtesy vehicles to operate on the upper level terminal roadway only.

21. Vending Machine Policy Authorization to Amend

Hearing to amend Airport's Vending Machine Policy.

* * *

K. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

M. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:22 A.M. to go into closed session.

Jean Caramatti
Commission Secretary

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2 MEETING OF THE AIRPORTS COMMISSION
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4 IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO
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13 SAN FRANCISCO CITY HALL, ROOM 282
14 SAN FRANCISCO, CALIFORNIA
15

16
17 Tuesday, August 6, 1985, 9:00 a.m.
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19

20
21 ORIGINAL
22
23

24 Taken Before ERA FARNSWORTH
25 Notary Public in and for the County of Alameda
26 State of California

27 C.S.R. License No. 3208

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SAN FRANCISCO AIRPORTS COMMISSIONERS

HONORABLE MORRIS BERNSTEIN, President

HONORABLE WILLIAM K. COBLENTZ, Vice-President

HONORABLE DR. Z.L. GOOSBY, Commissioner

HONORABLE J. EDWARD FLEISHELL, Commissioner

HONORABLE ATHENA TSOUGARAKIS, Commissioner

LOUIS A. TURPEN, Director of Airports

DONALD GARIBALDI, Airport General Counsel

ANGELA GITTENS, Deputy Director for Business Finance

JEAN CARAMATTI, Airports Commission Secretary

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P R O C E E D I N G S

MR. BERNSTEIN: The meeting of the San Francisco Airport Commission will please come to order.

Will you call the roll, please?

MS. CARAMATTI: Commissioner Coblentz.

MR. COBLENTZ: Here.

MS. CARAMATTI: Commissioner Fleishell.

MR. FLEISHELL: Present.

MS. CARAMATTI: Commissioner Tsougarakis.

MS. TSOUGARAKIS: Here.

MS. CARAMATTI: We have four present.

MR. BERNSTEIN: What do we have?

MS. CARAMATTI: You have before you the minutes of the regular meeting of June 18.

MR. BERNSTEIN: Will you second?

MR. COBLENTZ: Second.

MR. BERNSTEIN: Next?

MS. CARAMATTI: The announcement by secretary.

I am announcing the unanimous adoption of Resolution No. 85-0236 regarding the settlement of litigated claim at the closed session of July 16.

MR. BERNSTEIN: No action necessary on that?

MS. CARAMATTI: No.

MR. BERNSTEIN: All right. Next?

MS. CARAMATTI: Item 1, director's reports: Progress Report on I-380 Highway Construction Program.

MR. TURPEN: Only one comment. I believe

1 the report is self-explanatory.

2 I want to point out to the Airports
3 Commission that CalTrans has been very cooperative in
4 working with staff on traffic routing detours and the
5 like. To date we have received no complaints due to
6 the interchange reconstruction. It has not impacted
7 that port -- or the interchange reconstruction has not
8 negatively impacted our traffic flow to date.

9 I will continue to file a quarterly
10 report with the Airports Commission.

11 MR. BERNSTEIN: All right. No action necessary
12 on that, I believe?

13 MR. TURPEN: No, sir.

14 MR. BERNSTEIN: Next?

15 MS. CARAMATTI: Item 2, a report on Bay
16 Area Teleguide System.

17 MR. TURPEN: This report to the Airports
18 Commission action, by resolution, No. 84-0158, wherein
19 the Commission authorizes a space use permit for a trial
20 basis, for a trial period, to the Chronicle Videotech
21 Systems.

22 This trial period ends August 1st,
23 1985. The staff recommends retaining the Chronicle Video-
24 tech Teleguide Systems for six more months on a month-to-
25 month basis.

26 The staff will continue to investigate
27 the acceptability of this form of passenger information.

28 We will also investigate in the next

1 of the airport's rules and regulations.

2 MR. BERNSTEIN: All right. Any discussion
3 on it?

4 All right. We will take a vote.

5 MS. CARAMATTI: Commissioner Bernstein.

6 MR. BERNSTEIN: Yes.

7 MS. CARAMATTI: Commissioner Coblentz.

8 MR. COBLENTZ: Yes.

9 MS. CARAMATTI: Commissioner Fleishell.

10 MR. FLEISHELL: Yes.

11 MS. CARAMATTI: Commissioner Tsougarakis.

12 MS. TSUGARAKIS: Yes.

13 MR. BERNSTEIN: No. 5.

14 MR. COBLENTZ: Move.

15 MR. FLEISHELL: Second.

16 MR. TURPEN: This is the award of the
17 automobile service station. One bid was received for --
18 it was a base bid of 72,000. Although the effective
19 bid was greater, because a local business enterprise
20 credit was given to Chevron which made our effective bid
21 75,600.

22 Their minimum guarantee of \$72,000 is
23 against the sum of each of the following merchandise
24 sales components.

25 What the city would receive is three
26 cents per gallon on fuel flowage and ten percent of gross,
27 generally, on other automotive repairs and accessories.
28 This amount would be against a guaranteed minimum base

1 six months any competing companies and report back to
2 the Commission in January of 1986 on the results of that
3 effort.

4 Lastly, if the Commission elects to
5 keep this type of medium in the airport on the long-
6 term, there should be an exemption to the Airports
7 Commission's no-advertising policies. It appears,
8 according to our passenger information studies and surveys,
9 that Teleguide Systems is an acceptable form of advertising.

10 And at the end of the trial period,
11 the Commission should reconsider their policy concerning
12 advertising.

13 MS. TSOUGARAKIS: Mr. President, could I
14 ask a question? How is Teleguide updated with information
15 and news services at the airport?

16 MS. GITTENS: That is done essentially by
17 the Teleguide people. They make one change and it affects
18 all of the margins simultaneously.

19 MS. TSOUGARAKIS: How are they informed,
20 or how do they get information on that kind of stuff?

21 MS. GITTENS: For the airport information,
22 they will be informed by airport staff. Where they have
23 advertisements, they would be contacted by the tenants.

24 MS. TSOUGARAKIS: Okay. Like, for example,
25 we are talking about passenger services?

26 MR. TURPEN: They typically provide us with
27 a printout of the information, and we update that
28 information to accurately reflect what's going on at the

1 airport.

2 MS. TSOUGARAKIS: How frequently?

3 MS. GITTENS: We have been doing it about
4 twice a year. We are going to need to do that, make
5 a concerted effort when the South Terminal opens, and
6 we will be getting with them for about a two to three-
7 week period.

8 MS. TSOUGARAKIS: Thank you.

9 MR. BERNSTEIN: Very well.

10 MS. CARAMATTI: Our next item is items
11 initiated by commissioners.

12 MR. BERNSTEIN: Do you want to take that?

13 MR. TURPEN: That would be Item 3.

14 MR. COBLENTZ: I would move Item 3, which
15 is Procedure for Naming of Airport Streets and Roads.

16 MR. FLEISHELL: Second.

17 MR. TURPEN: This has simply been cleaned
18 up to reflect the Commission's desire for a policy regarding
19 the naming of airport streets as opposed to assigning
20 numbers to them.

21 And I believe the resolution is consistent
22 with the Commission's direction to staff.

23 MR. BERNSTEIN: Fine. Will we have to vote
24 on that?

25 MS. CARAMATTI: Commissioner Bernstein?

26 MR. BERNSTEIN: Yes.

27 MS. CARAMATTI: Commissioner Coblentz?

28 MR. COBLENTZ: Yes.

1 MS. CARAMATTI: Commissioner Fleishell?

2 MR. FLEISHELL: Yes.

3 MS. CARAMATTI: Commissioner Tsougarakis?

4 MS. TSOUGARAKIS: Yes.

5 MR. BERNSTEIN: Next?

6 MS. CARAMATTI: Did you want to go on to
7 4, Mr. Turpen?

8 MR. TURPEN: I'm sorry?

9 MS. CARAMATTI: Did you want to go on to
10 4 or 6, skip them?

11 MR. TURPEN: No, No. 4 is fine.

12 MS. CARAMATTI: No. 4, Modification of
13 Airport Rules and Regulations: Limousines.

14 MR. COBLENTZ: I'll move.

15 MS. TSOUGARAKIS: Second.

16 MR. TURPEN: The Airports Commission had
17 a public hearing on the proposed amendment to our rules
18 and regulations relating to limousines at the Commission's
19 last meeting which was July 16th.

20 Today the regulation is being presented
21 to the Commission exactly as it was presented at the
22 public hearing.

23 There were four major issues raised
24 at the public hearing. Those were responded to by staff
25 at the time, and are recaptured in my memorandum of
26 July 26 to you.

27 I would therefore recommend that the
28 Airports Commission act favorably upon this modification

1 of the airport's rules and regulations.

2 MR. BERNSTEIN: All right. Any discussion
3 on it?

4 All right. We will take a vote.

5 MS. CARAMATTI: Commissioner Bernstein.

6 MR. BERNSTEIN: Yes.

7 MS. CARAMATTI: Commissioner Coblenz.

8 MR. COBLENTZ: Yes.

9 MS. CARAMATTI: Commissioner Fleishell.

10 MR. FLEISHELL: Yes.

11 MS. CARAMATTI: Commissioner Tsougarakis.

12 MS. TSOUGARAKIS: Yes.

13 MR. BERNSTEIN: No. 5.

14 MR. COBLENTZ: Move.

15 MR. FLEISHELL: Second.

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17 automobile service station. One bid was received for --
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19 bid was greater, because a local business enterprise
20 credit was given to Chevron which made our effective bid
21 75,600.

22 Their minimum guarantee of \$72,000 is
23 against the sum of each of the following merchandise
24 sales components.

25 What the city would receive is three
26 cents per gallon on fuel flowage and ten percent of gross,
27 generally, on other automotive repairs and accessories.
28 This amount would be against a guaranteed minimum base

1 bid of \$72,000.

2 MR. BERNSTEIN: Do you have any comment on
3 this, on the lease?

4 MR. FLEISHELL: We tried.

5 MR. BERNSTEIN: It doesn't seem like very
6 much.

7 This was the only bid, wasn't it?

8 MR. TURPEN: Yes, sir, in effect.

9 MR. COBLENTZ: If I remember correctly, we
10 thought the initial bids were not equipped. We met with
11 all the oil companies, we met with independent distributors.
12 we have searched. This is the only bid.

13 MR. TURPEN: That's right.

14 MR. COBLENTZ: We have certainly used more
15 than the best efforts to obtain the highest and best bid.

16 MR. FLEISHELL: When this goes before the
17 Finance Committee, I suggest that we might have kind of
18 a recap of what we did go through. There's going to be
19 some questions about the drop in revenue from that
20 particular lease.

21 MR. TURPEN: I will.

22 MR. BERNSTEIN: It seems inconceivable that
23 the gas station at the airport ends up with one bid. I
24 for one don't understand it.

25 MS. TSOGARAKIS: Well, as I understand it,
26 Shell actually submitted a memo saying we are not going
27 to bid.

28 MR. TURPEN: That's right. We repeatedly

1 contacted all of the major oil companies, all of the large
2 gasoline dealerships, service stations in the Bay Area
3 in an effort to excite some interest in this concession.

4 This is a five-year lease. We are
5 presently in our master plan effort taking a look at
6 relocating the service station from a main entrance
7 roadway to an alternate airport site which I think will
8 be a recommendation long-term.

9 I think we can derive more significant
10 revenues from that location by putting it to an alternate
11 use in our long-term master plan.

12 MR. BERNSTEIN: Okay. Do they have a sign?

13 MR. TURPEN: They are permitted one sign
14 out in front, yes, sir.

15 MR. BERNSTEIN: It seems to me a sign at
16 the airport ought to be worth \$70,000 a year.

17 Anyway, as a matter of principle, I
18 just wanted to say that I'm so opposed to single bids
19 that I'm going to move against it.

20 Would you call the roll?

21 MS. CARAMATTI: Commissioner Bernstein.

22 MR. BERNSTEIN: No.

23 MS. CARAMATTI: Commissioner Coblenz.

24 MR. COBLENTZ: Yes.

25 MS. CARAMATTI: Commissioner Fleishell.

26 MR. FLEISHELL: Yes.

27 MS. CARAMATTI: Commissioner Tsougarakis.

28 MS. TSOUGARAKIS: Yes.

1 MR. BERNSTEIN: It passes.

2 Disgraceful.

3 MR. TURPEN: Commissioners, we will skip the
4 next one, possibly, and just go down very quickly through
5 the calendar.

6 MR. COBLENTZ: Quickly, yes.

7 MR. TURPEN: I believe, Commissioner, on
8 the next item of the Computerized Parking Control System,
9 there's a great deal of testimony. It might be better
10 to go through the remainder of the calendar, and then
11 clear up that.

12 MR. FLEISHELL: No. 7, then.

13 MS. CARAMATTI: Public Automobile Parking
14 Facilities Operating Agreement-Prequalification List.

15 MR. FLEISHELL: Move.

16 MS. TSOUGARAKIS: Second.

17 MR. TURPEN: As the Airports Commission is
18 aware, staff has been prequalifying potential operators
19 for the central parking facility.

20 Staff receives prequalification documents
21 from eight bidders for the Airport Parking Operating
22 Agreement and recommends that seven be approved. The
23 seven firms are listed in your memorandum of July 26th.

24 There was one company, one firm, Parking
25 Company of America, being recommended for disqualification
26 by the staff. Staff feeling is the firm failed to
27 demonstrate that it possessed the expertise necessary
28 to manage a parking operation of the magnitude of the

1 airport.

2 Staff has included for the Airports
3 Commission's information, examples of the rationale, or
4 examples which has caused the staff to determine that
5 Parking Company of America not be permitted to bid on
6 this contract.

7 MS. TSOUGARAKIS: Have they been notified?

8 MR. CHAVES: I'm from Parking --

9 MR. BERNSTEIN: Mr. Chaves.

10 MR. CHAVES: Chaves.

11 MR. BERNSTEIN: Could you please come up
12 so we could -- thank you.

13 MR. CHAVES: Yes, sir. I've been disqualified
14 for inexperience. I can't hardly believe that. I have
15 to protect myself here.

16 We run two airports. Parking Company
17 operates two airports. We are now at five, off-parking.
18 I've been in the business 23 years.

19 I didn't prepare the bid as well as
20 maybe they thought I should have. I mean, the prebid.
21 I didn't know I had to bid before the prebid.

22 I don't know how to defend myself with
23 the experience that I have. I probably have more
24 experience than anybody that's bidding. I don't
25 understand this.

26 There's a whole book here on how to
27 disqualify me. How could they disqualify me on experience?

28 MS. GITTENS: Commissioners, if you'll recall

1 in this item we decided we would go beyond the issue of
2 minimum qualifications for this so-called prequalification
3 phase. All the operators on this list, including Parking
4 Company of America, did meet the minimum qualifications.
5 And we, by dint of several questions in reviewing the
6 answers to the committee, tried to assess the depth of
7 experience for the kind of operation we were running
8 and the kind of problems we've encountered.

9 I think as we indicated in the document,
10 we were particularly looking for attention to issues of
11 fraud and dequalifications, attentions to the types of
12 procedures and the methods that the operator would employ
13 to deter fraud and detect dequalifications.

14 And this particular submission did not
15 impress our review committee that it really had a depth
16 of experience and ability to deal with that kind of
17 situation.

18 We are dealing with a very sensitive
19 operation, a very large operation, and we were particularly
20 concerned about that and several other aspects.

21 Again, Parking Company of America does
22 meet minimum qualifications.

23 MS. TSOUGARAKIS: Mr. Chairman, can I ask
24 a question?

25 When did you receive the letter
26 notifying you of the recommendation for disqualification?

27 MR. CHAVES: Yesterday.

28 MS. TSOUGARAKIS: Is that right, yesterday?

1 MS. GITTENS: We sent them out Wednesday.
2 It's certainly possible it was not received until
3 yesterday.

4 MR. CHAVES: We have been in contact with
5 the man, and he never said anything about it. We have
6 been calling daily.

7 MS. TSOUGARAKIS: I would like to recommend,
8 unless there is very strong objection, that we put it
9 over and give Parking Company of America a chance to respond
10 in writing to the specific concerns, and then we can
11 review them at the next meeting.

12 MR. COBLENTZ: Let me ask staff, what are
13 the constraints we have here? What is the time and
14 everything else?

15 MS. GITTENS: We do have a time constraint,
16 although holding over one more meeting, I think, would
17 still put us within the time frame that we need.

18 MS. TSOUGARAKIS: The only reason I suggest
19 this is I can appreciate the concerns that staff has
20 presented us, but I think that, you know, they should
21 be given an opportunity to respond to those, and a day
22 doesn't quite do it.

23 MS. GITTENS: If I could just make one
24 clarification. They did have five weeks to get in the
25 questionnaire.

26 MS. TSOUGARAKIS: I understand.

27 MS. GITTENS: I didn't want anyone to think
28 we had only given them a day.

1 MS. TSOUGARAKIS: I understand, and I
2 appreciate that, but still --

3 MR. BERNSTEIN: You said one thing I didn't
4 quite understand. You said "it did not impress," or did
5 they fail to meet the minimum? I'm really not interested
6 if someone impresses someone.

7 MS. GITTENS: They met the minimum
8 qualifications on experience. I think it's three out
9 of five years operating certain size garages but --

10 MR. BERNSTEIN: They did not meet the
11 minimum requirements, but it was not a matter of
12 impressing anyone.

13 MS. GITTENS: No, they did meet the minimum
14 experience requirements.

15 MR. BERNSTEIN: Ray, Mr. King, you are on
16 that committee, aren't you?

17 MR. TURPEN: To clarify what I think Angela
18 was saying, Parking Company of America meets the minimum
19 qualifications.

20 What staff was looking for was how
21 certain types of activities, which we are especially
22 sensitive to, i.e., fraud, and this type of thing would
23 be handled.

24 I will let Ray speak to that, but in
25 staff's opinion, the answers to those types of questions
26 were not of sufficient depth to warrant a good grasp on
27 how to deal with these situations.

28 And frankly, we don't want to put

1 ourselves at risk by allowing someone to bid who, quite
2 candidly, might not protect our interests in this regard.

3 Ray?

4 MR. CHAVEZ: We do this at Orange County
5 Airport and also at Atlanta Airport.

6 MR. KING: Yes, Mr. Chairman. I sat on your
7 prequalification committee, and reviewed all eight of
8 the --

9 MS. TSOUGARAKIS: Excuse me, for the record,
10 would you state your name?

11 MR. KING: Yes, Ray King, Director of the
12 Parking Authority.

13 -- reviewed all eight of the
14 presentations made.

15 I think Parking Company of America,
16 in my judgment, did not respond to the questions the
17 information requested by the staff in the proposal put
18 out.

19 They were the only ones that did not.
20 It was not possible for me, as one member of that group,
21 to determine how they would respond to the use of on-
22 line or off-line revenue equipment, how they would protect
23 against fraud, questions that were asked, and which most
24 of the responders gave very detailed information.

25 The Parking Company of America's response
26 was very brief, and we couldn't make determinations off
27 of their answers.

28 MR. BERNSTEIN: Thank you.

1 MR. TURPEN: I think the Commission has two
2 alternatives: One is to accept the list as provided and
3 eliminate Parking Company of America, to disqualify Parking
4 Company of America.

5 I think the second Commission choice
6 is to put this matter over for two weeks until the 20th
7 of August, at the 20th of August meeting, which would
8 provide Parking Company of America no more than one week
9 from today to resubmit -- resubmit for reevaluation their
10 qualifications, if in fact their initial submission did
11 not reflect the depth of their experience.

12 MR. BERNSTEIN: Could you prepare, adequately
13 prepare it by then?

14 MR. TURPEN: I think one week is really the
15 time frame.

16 MS. TSOUGARAKIS: Yes, oh, yes. Absolutely.

17 MR. TURPEN: It would have to be in by close
18 of business next Monday.

19 MS. TSOUGARAKIS: If they had received the
20 document last Thursday, then I wouldn't have proposed
21 this, but I think it's only fair, and I'm not asking for
22 a resubmission.

23 I'm really asking for a response to
24 what the staff has said. It's not fair to the others.

25 MR. TURPEN: Those are the two alternatives.

26 MR. COBLENTZ: I just have a question. I
27 was looking over their financial statement, and I have
28 some questions here.

1 For instance, they list as assets silver
2 at cost, 16,000 plus, then due from stockholders,
3 163,000.

4 I think that should be looked at to
5 see the financial solvency of this particular company,
6 and then --

7 MS. TSOUGARAKIS: What's the notes receivable?

8 MR. COBLENTZ: 490,000.

9 MS. TSOUGARAKIS: And what is the cost of
10 silver?

11 MR. COBLENTZ: That's at cost, and silver
12 has gone way down.

13 MR. FLEISHELL: What's the weight of the
14 silver?

15 MR. BERNSTEIN: It can't go much down from
16 16,000, can it?

17 MS. TSOUGARAKIS: Oh, yes, it can.

18 MR. TURPEN: Then as I understand the
19 Commission's action, Parking Company of America will be
20 given until close of business on Monday, which will be
21 the 11th or 12th, Monday the 12th.

22 MR. BERNSTEIN: If you will submit it by
23 Monday, there will be no further sanctions.

24 MR. CHAVES: That would be fine. I appreciate
25 that.

26 MR. TURPEN: So close of business Monday,
27 Parking Company of America will respond to staff's
28 concerns, and based on their response we will do a

reevaluation and either remain with our recommendation or modify it at our next Commission's meeting.

MR. CHAVES: Thank you very much.

MR. BERNSTEIN: Next?

MS. CARAMATTI: 8, Authorization to Bid: Full-Service Baggage Storage Concession Lease.

MR. COBLENTZ: Move.

MR. FLEISHELL: Second it.

MR. TURPEN: This is the full-service storage baggage concession which is currently projected for the South Terminal Connector.

A copy of the lease modifications is attached to your Commission package. Changes are outlined fully on Page 1 of my memo, as well as an adjustment of rental on Page 2, which is being recommended in view of the fact that the South Terminal Connector will not be open for the first two years of the lease.

And we request the Commission to bid this concession.

MR. COBLENTZ: Move.

MR. FLEISHELL: We already said that.

MR. BERNSTEIN: Why don't we call.

MS. CARAMATTI: Commissioner Bernstein.

MR. BERNSTEIN: Yes.

MS. CARAMATTI: Commissioner Coblentz.

MR. COBLENTZ: Yes.

MS. CARAMATTI: Commissioner Fleishell.

MR. FLEISHELL: Yes.

1 MS. CARAMATTI: Commissioner Tsougarakis.

2 MS. TSOUGARAKIS: Yes.

3 MR. COBLENTZ: Move Item 9, Professional
4 Services Contract to San Mateo County.

5 MR. FLEISHELL: Second.

6 MR. TURPEN: This is a contract to support
7 the Round Table. The cost remains, as it has the last
8 four years, or three years, at \$12,500, is our portion.
9 It is matched equally by San Mateo County, and an
10 additional \$6,000 is provided by the local communities
11 which support the Round Table.

12 MR. BERNSTEIN: Any addition to that?

13 Next.

14 MS. CARAMATTI: Item 10, Revised Five-Year
15 Capital Projects Plan.

16 MR. FLEISHELL: Moved.

17 MR. COBLENTZ: Second.

18 MR. TURPEN: This is simply a modificaiton
19 of our five-year plan. The memo is self-explanatory.

20 MR. BERNSTEIN: Anything else on there?

21 MR. TURPEN: No, it's very straightforward,
22 sir.

23 MR. BERNSTEIN: Any comment?

24 MS. TSOUGARAKIS: Yes, I have one comment.
25 I would like to commend the staff for their performance
26 up to date on the five-year plan. I think coming in under
27 two years is very good.

28 MR. TURPEN: I will pass it on. Thank you,

1 Commissioner.

2 MR. BERNSTEIN: Call it.

3 MS. CARAMATTI: Mr. Bernstein.

4 MR. BERNSTEIN: Yes.

5 MS. CARAMATTI: Mr. Coblentz.

6 MR. COBLENTZ: Yes.

7 MS. CARAMATTI: Mr. Fleishell.

8 MR. FLEISHELL: Yes.

9 MS. CARAMATTI: Ms. Tsougarakis.

10 MS. TSOUGARAKIS: Yes.

11 MR. COBLENTZ: I will move Items 11, 12,
12 13 and 14.

13 13 and 14 are tenant improvements at
14 no cost to the airport or rental credit. And 11 and 12
15 are awarded to the high bidder -- the low bidders, I'm
16 sorry.

17 MR. FLEISHELL: Second.

18 MR. BERNSTEIN: Any comment?

19 Mr. Turpen?

20 MR. TURPEN: No, sir.

21 MR. BERNSTEIN: Same vote.

22 Next?

23 MS. CARAMATTI: We have the consent calendar.

24 MR. COBLENTZ: I will move the consent
25 calendar, Items 15 through 19.

26 MS. TSOUGARAKIS: Second.

27 MR. BERNSTEIN: That's through 19, Bill, isn't
28 it?

1 MR. TURPEN: Yes, sir.

2 MR. BERNSTEIN: All right. So ordered.

3 20?

4 MS. CARAMATTI: This would be Public Hearing,
5 Item 20, Airport Rules and Regulations Modification
6 Relating to Rental Car Courtesy Vehicles.

7 MS. TSOUGARAKIS: Can we go back to No. 6,
8 now?

9 MR. BERNSTEIN: Mr. Lawder?

10 MS. TSOUGARAKIS: Mr. President, I was
11 recommending that we go back to No. 6 now.

12 MR. BERNSTEIN: We only have the 20 and 21.

13 MS. TSOUGARAKIS: But they're hearings.

14 MR. TURPEN: How many people do you have
15 for No. 20?

16 MR. COBLENTZ: How many people are here to
17 speak to Items 20, the Airport Rules, and 21, the Vending
18 Machine Policy?

19 I move we go to Item 6.

20 MR. BERNSTEIN: You lose that one, Bill.

21 MS. CARAMATTI: Item 6, Award of Contract
22 No. 1013: Computerized Parking Control System.

23 MR. TURPEN: On this item if there is anyone
24 who would care to speak to this item and has not filled
25 out a form for the benefit of the Airports Commission,
26 I ask that you do so now, and please provide it to the
27 Commission Secretary.

28 And the same thing with Items 20 and

1 21. Those are public hearings, and anyone who would like
2 to address or speak to those issues should fill out an
3 appropriate form.

4 Thank you.

5 MR. BERNSTEIN: All right. There is a
6 request from Mr. Allan Joseph representing Cubic Western
7 Data.

8 MR. JOSEPH: Thank you.

9 Good morning. I am Allan Joseph of
10 the firm of Rogers, Joseph, O'Donnell & Quinn in San
11 Francisco, representing Cubic Western Data.

12 There have been a large number of papers
13 that have been filed in this matter, and so for the
14 convenience of the Commission we have prepared a single
15 sheet which I believe is before each of the Commissioners.

16 And in addition, we have made a copy
17 of that available to the people from Trindel and to the
18 City Attorney.

19 I believe that most of the facts and
20 legal principles are not in dispute. I think that it
21 is agreed that a bidder must be responsive at the time
22 of bid opening, and a bidder may not go outside the bid
23 or a proposal to demonstrate that it's responsive.

24 In addition, that point was underlined
25 in the proposal -- or, I'm sorry, in the advertisement,
26 which required that the bid be sufficient to permit the
27 owner to make an objective determination that the proposed
28 system meets the requirements of the contract document.

1 Now, the only point here, the only issue
2 before this Commission, we believe, is whether Trindel's
3 bid is responsive.

4 And even more narrowly defined, the
5 only issue is whether it can be objectively determined
6 from Trindel's bid that Trindel intended to provide gates,
7 32 entry and exit gates, which meet the specifications.

8 There are three requirements in the
9 specifications that are important here relating to the
10 gates.

11 There is the fact that the gates must
12 have dual belts, transmission belts, or linkage belts.
13 They must have special locking devices and variable timing
14 devices. And it is important for the Commission to know
15 that the existing gates, the existing gates at the airport
16 do not have any of these features.

17 Trindel's proposal in two places said
18 that they were going to replace six of the existing 32
19 gates.

20 Trindel's proposal says nothing about
21 the other 26 gates, leaving the clear conclusion that
22 Trindel intended to utilize the existing 26 gates.

23 Now, up to this point I don't think
24 there is any dispute in the facts or in the legal
25 principles. I believe that the City Attorney will advise
26 you that a bid must be responsive within itself. You
27 can't go outside the bid to make it responsive, and that
28 it must be determined at the time of bid opening that

1 it meets all the requirements of the specifications.

2 I want to get rid of a couple of issues
3 that really are not relevant.

4 First of all, in an attempt to comply
5 with its Human Rights Commission obligations Trindel,
6 after bid opening, stated that it would replace all 32
7 gates.

8 I think everyone would agree that they
9 cannot make their bid responsive by complying with Human
10 Rights Commission requirements. The question is was their
11 bid compliant at the time of bid opening.

12 The second thing is this: This is not
13 a minor deviation or minor informality. The gates are
14 extremely important to the system. You have a memorandum
15 from the Director of Airports, Mr. Turpen, dated July 31,
16 which notes that there are real problems with present
17 revenue control equipment, including the gate arm. And
18 those are the issues that are addressed by this equipment.

19 Now, the question then comes down to
20 this: Can an objective determination be made from
21 Trindel's bid, from the bid itself, that Trindel intended
22 to comply with the specifications concerning these 26
23 gates.

24 Trindel's proposal, as I said, in two
25 places, states that they were going to replace the six
26 gates in Lot D. It says nothing about, nothing about
27 the other 26 gates.

28 Trindel now says that it intended to

1 modify the 26 gates that it intends to use.

2 We think that there are several things
3 wrong with that.

4 First of all, that cannot be determined
5 from their proposal, from Trindel's proposal itself. You
6 cannot find that in the proposal. There is no mention
7 whatever in the proposal about modifying existing gates.

8 Now, Trindel has said in some of its
9 submissions that it has placed throughout the proposal
10 statement, we understand and will comply with the
11 specifications.

12 But in the submissions we have made
13 to the City Attorney, we have pointed out that that is
14 not sufficient. Under the law, that is not sufficient,
15 simply a statement that we will comply, or that we will
16 meet warranty obligations.

17 Now, I would like to draw your attention
18 to Point No. 6 in our single sheet. We note that in its
19 July 8 letter Trindel states, and this is a quote, since
20 the specification does not require new gates in all
21 instances, Trindel left open the option, the option to
22 possibly refurbish the main lot gates, and stated that
23 in any case the Lot D gates would be replaced.

24 Now, let me call to the Commission's
25 attention the mischief that this would create. It permits
26 Trindel to say, after the bids are open, gives them an
27 option to say if the difference in price, if the difference
28 in bids is great, it permits them to say, oh, we made

1 a mistake. We didn't intend to comply with the
2 requirements for the other 26 gates, or we didn't
3 understand those requirements.

4 Or even worse, from the Commission's
5 point of view, to say after bid award -- after award of
6 the contract, I mean, that the requirement wasn't clear,
7 and so our attempt or our obligation to meet the
8 requirements for the 26 gates was not clear, and therefore
9 that's a change order. We are entitled to be paid
10 additional money.

11 For those reasons, and to avoid that
12 mischief, the law is clear that you cannot go back and
13 correct a defect that is not a minor defect.

14 We do not know, and we have not been
15 provided with the staff or the staff consultant,
16 Mr. Cerand's report, indicating how the staff or the
17 consultant could have found that Trindel met the
18 requirements with regard to these individual gates. We
19 know it cannot be found within the bid documents themselves.

20 We necessarily must assume that it is
21 found in so-called clarifications outside the bid
22 documents. We think that is inappropriate. We think
23 that renders the contract illegal and unenforceable, if
24 it were awarded to Trindel.

25 Now, I know this matter has been
26 pending for the Commission for some time, and I know it
27 is frustrating to the Commission and frustrating to the
28 bidders, but nonetheless, the Commission still has the

1 obligation, as I know you will agree, the Commission still
2 has the obligation to do the right thing and to award
3 a contract based on the responsive bidders.

4 It is our view that the responsive
5 bidder in this case is Cubic Western Data, and it should
6 be awarded the contract.

7 Now, Mr. Parker is here from Cubic
8 Western to explain one point, and that is this, that it
9 was not practical, it was not practical to, and not
10 technically feasible, really, to actually refurbish the
11 26 gates that Trindel intended to utilize. That that was
12 not a practical alternative, and therefore it must be
13 the case that Trindel intended to use the 26 gates as
14 is.

15 And it was only after the matter was
16 raised in a protest letter by Cubic Western that Trindel
17 now says it intended to refurbish the gates in order to
18 meet the specifications.

19 With the Commission's permission, I
20 would like to ask Mr. Parker to speak to that point, and
21 I would like to ask the President if it is appropriate
22 to respond to arguments made on behalf of Trindel, or
23 may we only speak once?

24 MR. BERNSTEIN: I think you only speak once.

25 MR. JOSEPH: Thank you. I won't press the
26 point.

27 May I ask Mr. Parker to speak on the
28 one point?

1 MR. BERNSTEIN: Fine. Mr. Parker.

2 MR. PARKER: Honorable Commissioners, we
3 have been looking at the airport contract now for over
4 two years. We hope that we reach a decision pretty soon.

5 With respect to the gates, we have the
6 opportunity, as Trindel alleges, to also choose the option
7 to refurbish the gates.

8 However, when you look at the gates,
9 you find that there's three major problems, in addition
10 to the age and general condition of the gates. One major
11 mechanical problem with the present design is that there
12 is only one rubber drive belt, which is similar to a fan
13 belt in an automobile. When that one belt breaks, if
14 the gate is already in the up position, it could crash down
15 on the hood of an automobile.

16 The reason for the two belts is so that
17 when this happens, you do not injure a patron's vehicle
18 as he's going through the gate.

19 To refurbish the present gates requires
20 you to change the design of an existing Cincinnati Time
21 Recorder gate to a nonstandard gate.

22 Now, you have a maintenance problem.
23 First of all, you have the nonreoccurring charges to do
24 that design, then you have the fabrication of the material
25 and the installation.

26 Now, new gates, the raw cost, are
27 actually, if you purchase one, is less than \$1500.

28 Now, the other feature that is required

1 in Mr. Cerand's specifications is when a gate arm comes
2 down and impacts a transversing automobile, that the gate
3 retract and come to a raised position. You're required
4 by the specification to have a variable setting control
5 that varies from two to 60 seconds that the airport
6 operator, based on his experience, can set to safely allow
7 the automobile to go through without the gate arm coming
8 down again.

9 A quotation that I have from Cincinatti
10 Time Recorder, just the purchase price of this control
11 module is \$525.

12 Now, you have a minor item of programmable
13 locks, probably a \$50 purchase item, plus labor.

14 Well, one can actually repair an
15 automobile by retaining the radiator cap and driving a
16 new automobile underneath it. That is what you face,
17 and the question is is it really reasonable to refurbish
18 these gates?

19 It's cheaper to put in new gates. That's
20 the bottom line, and any reasonable bidder would come
21 to the conclusion it would be less cost to him to install
22 new gates.

23 One of the interesting points in the
24 Trindel letter is talking about gates in Lot D. In their
25 July 9th letter they said the gates in Lot D would be
26 of the same manufacture and design as the gates in the
27 main parking garage.

28 You ought to ponder. That somewhat

1 implies the gates in Lot D would also only have one drive
2 belt.

3 Thank you.

4 MR. BERNSTEIN: Thank you.

5 MR. TURPEN: Local counsel for Trindel.

6 MR. PERRIE: Mr. Chairman, my name is Tom
7 Perrie, and I also represent Trindel. Mr. Knapp has
8 deferred to me to respond to the position taken by Cubic
9 Western.

10 MR. BERNSTEIN: You're from?

11 MR. PERRIE: Thomas Perrie.

12 MR. BERNSTEIN: All right.

13 MS. TSOUGARAKIS: Speaking for Mr. Knapp?

14 MR. PERRIE: Speaking for Mr. Knapp.

15 I think that this is a matter, members
16 of the Commission, which has been addressed over an
17 extended period of time, and in no less than either five
18 or six items of correspondence in the nature of protest
19 from Cubic Western. It has been thoroughly responded to
20 by Trindel, along with numerous other issues raised by
21 Cubic Western, which we presume they now no longer raise.
22 It has been reviewed by the City Attorney's office. It
23 has been reviewed by Cerand & Company, which is the
24 consultant that wrote the specifications, and therefore
25 presumably knows better than any of us what the requirements
26 and intent of those documents are.

27 It is my understanding that both the
28 City Attorney and Cerand & Company have made an affirmative

1 determination that the Trindel is compliant, and in that
2 regard that Trindel is both, as we say, responsible and
3 responsive in its bid.

4 I really don't want to belabor this
5 point unnecessarily, but I do think we have to respond
6 to the statements which were made, certainly in all
7 fairness to the Commission.

8 The first thing is I think we need to
9 take a look at the nature of the bidding process, which
10 I think is in one sense self-evident, but in another
11 possibly not.

12 The normal process of bidding, of course,
13 the most normal method of bidding is for a specification
14 to be produced which sets forth the requirements for the
15 goods or services to be furnished, and in many instances
16 results in essentially a piece of paper which is a number
17 saying I will sign the contract, I will comply with the
18 requirements of the bidding documents as a contractual
19 obligation, and I will do it for X dollars.

20 In this particular case, because we
21 are in fact dealing with a high technology, virtual state
22 of the art system, which I might add really has nothing
23 to do with the gates, which are not in the same sense
24 high technology, state of the art.

25 It is a computerized system, and in
26 that regard it is high technology and state of the art.

27 The consultant wisely, I think, has
28 chosen to set out certain specific requirements, but to

1 also give the bidder certain flexibility and allow him
2 to submit proposals, something that is not normally the
3 case, making a judgment in submitting those proposals.

4 Each and every item necessarily, of
5 course, requires a judgment on the part of the bidder
6 as to the question of simply how far do I need to go in
7 order to adequately provide information concerning how
8 I'm going to do this and comply with the specifications.

9 You could go all the way down to the
10 point of having the bidder simply regurgitate, it's going
11 to be 115 volts AC, 60 cycles, which would be obviously
12 meaningless.

13 We submit it's also meaningless to
14 simply regurgitate the specifications, the requirements
15 that are already there.

16 Where the specifications are clear and
17 unequivocal on their face, where the contract and
18 documents make it clear that it's the obligation of the
19 bidder, if awarded the contract, to comply with those
20 specifications in every regard, it is unnecessary and
21 really simply takes up unnecessary review time by the
22 staff, and by the consultants, Cerand & Company, to simply
23 regurgitate.

24 Now, in the case of the gates, the
25 specifications are clear and unequivocal. They say
26 exactly what the requirements are for the gates.

27 These gates are very normal. They're
28 installed at airports and other parking facilities

1 throughout the country, and the basic Trindel response
2 was simply we understand the specification requirements,
3 and we will comply with them. And that was specifically
4 stated.

5 And where there is no ambiguity
6 concerning what is required, that should be sufficient.

7 Now, in the bid form itself it had a
8 line item to submit numbers of units and price. Since
9 at the time of bid we had determined that we would in
10 fact replace all gates in Lot D, we put in six items.
11 And since we had determined that we probably would
12 refurbish the other 26 gates, we included the cost of
13 that in our installation price.

14 But there was no place on the bid form
15 to put in a separate item for refurbishment or whatever.

16 It's also quite clear, and was clearly
17 explained in prebid conference, and I think there is no
18 argument, that bidders were entitled to reuse existing
19 equipment where it was suitable for reuse. And in fact,
20 Cubic Western has specifically proposed to do this with
21 certain digital detectors.

22 So, we did not elect to do anything
23 that Cubic Western itself did not elect also to do in
24 another context.

25 I will acknowledge that for purposes
26 of determining whether or not we were a responsive bidder
27 at the time of the bid that the question of whether or
28 not we may in the final determination replace all of the

1 gates is not material.

2 We have stated that due to certain other
3 reasons, in fact, we will replace all of the gates at
4 no change in cost or price.

5 And obviously, we would not be entitled
6 to any change in cost or price, because our obligation,
7 once again, is simply to comply with the specifications,
8 and that we would do and we will do, as also borne out
9 by the fact that we have more experience in the
10 installations of these systems in the United States than
11 any other company.

12 In fact, I think it's probably fair
13 to say that we have more installed and operating systems
14 on any basis you would care to consider it for computerized
15 parking systems than the sum of all the other companies
16 in this country.

17 I really don't know a lot else to say
18 about this. I think we have belabored the point possibly
19 too long.

20 Our bid was responsive. The persons
21 responsible for making that determination, the City
22 Attorney and Cerand & Company, have reviewed the matter
23 in depth.

24 It is my understanding that they have
25 determined that we were in fact responsive in this regard.

26 The technical considerations raised
27 by Mr. Parker, I would submit to you very simply
28 Mr. Parker is simply wrong.

1 We have a written proposal by Cincinnati,
2 the manufacturer of the gates to provide the necessary
3 refurbishment and so forth for a price which is much less
4 than the cost of the new gates, which would make these
5 gates comply with the specifications.

6 As far as the business about two pulleys
7 and so forth, I have here, these are the Cincinnati
8 drawings for the mechanism on this particular model of
9 gate, Model 200.

10 They show quite clearly that the motor
11 shaft and the arm in which the pulley goes are quite
12 adequate to accommodate a double pulley with dual belts,
13 which is what we would have done had we refurbished the
14 gates.

15 As far as the timing considerations
16 and so forth, there are any number of ways to handle
17 that, quite simply, including software controls from a
18 central computer.

19 Quite simply, I would suggest that it
20 is not up to Cubic Western to tell us whether or not we
21 can or cannot do something from a technical standpoint.
22 We have proven quite clearly in a lot of other installations
23 that we are quite capable technically, and we can do what
24 we say we can do.

25 Thank you very much.

26 MR. BERNSTEIN: Thank you.

27 Mr. Perrie? General Counsel?

28 MR. TURPEN: That was Mr. Perrie.

1 MR. BERNSTEIN: One other, Mr. Knapp.

2 MR. TURPEN: Mr. Knapp waived his right.

3 MR. BERNSTEIN: There are no further speakers?

4 MR. PERRIE: We have no further speakers,
5 Mr. Chairman.

6 MR. TURPEN: I would like the Commission
7 to hear from our technical consultant, Mr. Cerand, since
8 this appears to be focussing on the number of gates replaced
9 versus number of gates refurbished.

10 MR. CERAND, will you please clarify
11 this for the Commission?

12 MR. CERAND: My name is Jerry Cerand from
13 the Cerand & Company, and our company is the company that
14 wrote the technical specification documents and evaluated
15 both bidders.

16 We found both bidders to be responsive
17 to the technical documents. We found a total price of
18 \$26,000 on a one point six million dollar bid being the
19 difference, which is a very competitive bid.

20 I think it's a point for our company
21 to just say that both bidders being qualified provides
22 the City with two very capable vendors to do this job.
23 With the City's requirement for low bidder, since there
24 is a \$26,000 difference, our company from a technical
25 standpoint, recommended that Trindel be awarded the contract.

26 I would just like to clarify one thing
27 if I could, the speaker for Cubic Western said the City
28 did not have the right to obtain additional information,

1 and that's simply not true.

2 In Paragraph -- or Page 100-5 of the
3 technical specification documents, it clearly says the
4 City has the right to go back and get additional
5 information in the event that the technical proposal leaves
6 some question in the evaluation process.

7 We did this so the City would not have
8 to go continually through bids all the time.

9 Based on that, our company stands firm
10 on saying that both companies are qualified. Both had
11 to respond to clarification, both companies answered
12 questions that we raised in regards to their statements
13 in their proposals. And we recommend to the City and
14 the Commission that you accept Trindel from a technical
15 standpoint as being the lowest and most responsive
16 bidder.

17 If there are any questions, I'd be more
18 than glad to answer questions for the Commission.

19 MR. FLEISHELL: I have several questions.

20 Do you have knowledge of why this bid,
21 in two years, has gone up 60 percent on the identical
22 specifications, precisely identical specifications? Two
23 years later it's costing \$600,000 more.

24 MR. CERAND: I can't answer for the vendors.
25 They're the ones that bid the thing. It's very hard for
26 us, because we have several of these projects around the
27 country, and there is no set price that the vendor charges
28 for his ticket machine at San Francisco, than they do

1 at Boston, Logan or any other major airport in the
2 country.

3 They do have the freedom of the bid,
4 and it is a competitive process.

5 I couldn't tell you why their prices
6 went up. I would say one thing, we had to go out and
7 bid twice last time, and that did force the bids to be
8 extremely low, you know, from where we thought.

9 We gave you an engineering estimate
10 for that first go around of approximately one point four
11 million dollars, which we thought the bid price would
12 come in at.

13 The middle price was way down around
14 a million, and the second time they were down almost a
15 million even. This time we thought it would be about
16 one point four, one point five million. So it is a hundred
17 thousand dollars higher than what we thought it would
18 have been.

19 I would still stand by our engineering
20 cost estimate, what we thought the system would run. I
21 think you did see an extremely low bid process the first
22 time around, and that may be the reason why it's a 60
23 percent increase right now, the first time was too low.

24 MR. FLEISHELL: On that tone, though, don't
25 we have a bonding company liability that will take the
26 difference between the one million six hundred thousand
27 and this low bid?

28 MR. CERAND: You'd have to check this with

1 the legal department, but I believe your bond --

2 MR. FLEISHELL: Haven't you been involved
3 in the negotiations?

4 MR. CERAND: Not from the legal standpoint.
5 We felt that the company did not meet the requirements
6 of their contract and therefore the bond should be called,
7 and which the City did call the bond.

8 Now, my understanding is that the bond
9 would be paid to the City for one point five. Whether
10 they have to pay the difference or the penalties, I think
11 is to be --

12 MR. TURPEN: I might ask Don to comment.

13 MR. GARIBALDI: We do have a claim with the
14 bonding company for the difference between the formal
15 bid and whatever the amount is that the contract was
16 awarded this time.

17 In addition, there are some other issues
18 about the running of liquidated damages, because of delay
19 in completing the contract and other claims for attorneys'
20 fees and other costs, all of which we will make against
21 the bonding company. They're on notice of all those claims
22 already.

23 MR. FLEISHELL: Just one final comment. We
24 have had the benefit of great research by both sides of
25 the bidding process here, both of the bidders have torn
26 apart the bid of the other fellow.

27 I wonder, since apparently neither of
28 these people are completely kidding each other and

1 attempting to kid the Commission, whether there is an
2 ambiguity that needs to be clarified.

3 If you award the contract today, can
4 you assure us that the contract as prepared by our staff
5 will be signed?

6 MR. CERAND: We do just about every major
7 airport in the country, or have done, and have gone
8 through the exact same bidding process. We see the same
9 bidding faces at each bidding table.

10 I think it's a healthy situation when
11 the vendors are that actively and competitively trying
12 to find out that they want the job. I think it's a process
13 in which we're talking about a system which involves a
14 lot of software.

15 This is not something that you can build
16 and set there, it's done. The hardware has to be driven
17 by the software. So you're talking about a lot of
18 creativity. One vendor does it one way, another vendor
19 does it another way.

20 Just like one person likes a black suit
21 and the other likes a grey suit.

22 It's been healthy bidding situations
23 all over the country.

24 We do help each vendor concerned. Our
25 company goes to each vendor throughout the year. We try
26 to help the vendors any way we can. We think that makes
27 a better competitive bidding process. That's what we're
28 concerned about.

1 I am very comfortable that if we have
2 to sit here and talk about the complexity of this system,
3 and we're down to the point where somebody is going to
4 refurbish 26 gates or buy them, the City is protected
5 as far as I'm concerned, because they have the right to
6 refurbish it.

7 If they decide we are going to have
8 to put new ones in, it's more money, I'm going to say
9 no, no, because it's in specification document Volume
10 2, 2 or 4A1.

11 They specifically said they would comply
12 in making sure a specific gate that we described in some
13 X number of paragraphs down in detail would be in every
14 installation.

15 I do feel the City is extremely well
16 covered.

17 MR. FLEISHELL: I hope you're right,
18 Mr. Cerand. I remember several years ago we had this
19 identical conversation when we approved the last bidder,
20 and two years later we learned he wasn't performing, and
21 we had to cancel his agreement.

22 MR. CERAND: That's right. Unfortunately,
23 as a consultant, you cannot do what the vendor doesn't
24 do.

25 What I think you have to do is totally
26 protect your client by having the client in a position
27 that he goes out and does get what hopefully is the most
28 responsive bid. The lowest bid does create a problem

1 if there were three or four bidders in this arena today,
2 and a lot more qualified and are expressing a greater
3 desire to complete these projects.

4 I want to thank the Commission very
5 much. If there are any other commissions we can settle
6 for you, please let us know.

7 MR. BERNSTEIN: Mr. Turpen, anything you
8 would like to add?

9 MR. TURPEN: I think Mr. Cerand's comments
10 capture the technical argument which seems to have focussed
11 on this bid.

12 Both companies are technically qualified
13 to perform. Both companies have been approved by HRC;
14 is that right? And HRC has approved both companies.

15 The City Attorney has recommended, has
16 reviewed the documentation, has indicated the Airports
17 Commission can award to the lowest bidder. And that would
18 be our recommendations to the Commission at this time.

19 MR. COBLENTZ: What is the recommendation
20 of staff here? Is it that we take it under submission,
21 that we vote on it?

22 MR. TURPEN: Under Item H in your package,
23 Commissioner, there is a rather lengthy resolution.

24 There are some time constraints in the
25 fact that this contract has not been completed as crisply
26 as we had originally anticipated. We certainly wouldn't
27 want to go into any further delay in getting this contract
28 implemented because we would then face the spectre of

1 replacing, doing another interim replacement.

2 DR. GOOSBY: If it hasn't been moved to be
3 before us, I would move it.

4 MR. COBLENTZ: I think, I suspect on behalf
5 of all members of the Commission, I would state that we
6 received the attachment to the Commission package, which
7 was at least an inch and a half thick, that it's been
8 read, and I'm sure read by every member of the Commission.

9 We have listened to the testimony here,
10 not only on behalf of the two prospective bidders, but
11 as well as staff.

12 And therefore in light of that, I would
13 second the proposal of Commissioner Goosby.

14 MR. BERNSTEIN: Call the vote.

15 MR. COBLENTZ: That calls for a vote.

16 What we are doing is moving the
17 resolution as set in Item H of our package.

18 MS. TSOUGARAKIS: I just have one question.
19 There is a lot of clarification that has occurred in this
20 package, and is there any way that that can be part of
21 the process?

22 I don't know if it's a legitimate question,
23 or --

24 MR. COBLENTZ: What do you mean by that?

25 MS. TSOUGARAKIS: There's an awful lot of
26 detail that's been spelled out in all this documentation.

27 MR. COBLENTZ: Do you want more time?

28 MR. BERNSTEIN: Do you want more time?

1 MS. TSOUGARAKIS: No, I was thinking -- not
2 necessarily. I was thinking if we approve it subject
3 to incorporating some of the technical detail into the
4 contract.

5 MR. TURPEN: I think, truly, what we have
6 is a very competitive bidding situation. It is really
7 focused, taking away all the rest of the documentation,
8 it's focused on how many gate arms are going to be
9 replaced.

10 I think Mr. Cerand has commented very
11 effectively that the Commission is protected in this
12 regard. The specifications are clear. We have several
13 paragraphs in describing what the gate arm should do.

14 In that regard it would be my
15 recommendation that we move ahead with this project. I
16 don't see that any clarification is needed. This appears
17 to be a single-issue dispute.

18 MS. TSOUGARAKIS: I wasn't suggesting delaying
19 it.

20 MR. TURPEN: I think it's a single-issue
21 dispute. I think the issue has been addressed. I think
22 anything further would be redundant in view of the amount
23 of information that has already been --

24 (Brief interruption.)

25 MS. TSOUGARAKIS: Call for the question.

26 MS. CARAMATTI: Commissioner Bernstein.

27 MR. BERNSTEIN: I'm not quite satisfied in
28 my mind, but I find it's very difficult to go against

1 staff, and the recommendation of our Mr. Cerand and
2 yourself.

3 I understand you are satisfied?

4 MR. TURPEN: Yes, sir.

5 MR. BERNSTEIN: Under those circumstances,
6 I think it leaves us no alternative but for me to say yes.

7 MS. CARAMATTI: Commissioner Coblentz.

8 MR. COBLENTZ: Yes.

9 MS. CARAMATTI: Commissioner Goosby.

10 DR. GOOSBY: Yes.

11 MS. CARAMATTI: Commissioner Fleishell.

12 MR. FLEISHELL: Yes.

13 MS. CARAMATTI: Commissioner Tsougarakis.

14 MS. TSOUGARAKIS: Yes.

15 MR. COBLENTZ: An unsatisfied yes.

16 MS. TSOUGARAKIS: Not really.

17 MR. BERNSTEIN: Let's go to 20.

18 MS. CARAMATTI: Next is a public hearing,
19 Airport Rules and Regulations Modification Relating to
20 Rental Car Courtesy Vehicles.

21 DR. GOOSBY: I'm not asking for any action
22 on this, Mr. Chairman. As I understand it this is just
23 going to be a hearing to hear the debate and then the
24 staff is going to come up with the specific recommendations.

25 MR. TURPEN: That's right, sir. Contained
26 in your package is the reason for this public hearing,
27 presently off-airport rental car companies, which comprise
28 200 trips daily, use the lower level of the airport.

The on-airport rental car companies which comprise about a thousand trips a day operate on the upper level.

The staff is coming before the Commission with a modification of the rules and regulations which will cause everyone to operate exclusively on the upper level of the roadway. That is what the Commission will take testimony on today from the affected parties.

Staff will consider that testimony, as can the Commission, then we will come back to you with a recommendation at the next meeting.

DR. GOOSBY: Just for the shuttle?

MR. TURPEN: Just for the rental car, the buses.

DR. GOOSBY: That's what I mean. They come over to the lot to get their car?

MR. TURPEN: There is more to it than that.

Just historically, for the Commission's perspective, in 1979 we had a situation where rental car companies were operating on both levels of the airport, about a thousand buses a day upstairs, about a thousand buses a day downstairs.

That was the period, if you remember, that we went to painting the columns with a different stop and trying to rationalize the use of our roadway system for the amount of activity we have.

We came up with this system of utilizing

1 the roadways.

2 As part of that system the rental car
3 companies agreed to operate exclusively on the upper level,
4 which cut their number of trips significantly.

5 It has come to our attention, through
6 Mr. Lawder of Hertz, who has asked permission, if my
7 memory serves, has requested that the on-rental cars be
8 able to operate both levels, because some off-airport
9 companies are operating on the lower level.

10 We think that he's right, that one rule
11 is a good rule, and we have taken the position that the
12 rule ought to be that everyone operates upstairs, because
13 of the congestion downstairs.

14 The difference between upstairs and
15 downstairs is a question of dwell time. Upstairs people
16 drop off. It's a fairly short-term activity, and they
17 leave.

18 Downstairs they come in, if the
19 airplanes are a few minutes' late, if someone can't find
20 a bag, it tends to be a longer period of time, three to
21 four times as long, five times as long downstairs.

22 What we have tried to do is balance
23 traffic at the airport, and interior and exterior portions
24 of the roadway system, in order to permit a fairly smooth
25 traffic flow.

26 What's before you today is our suggestion
27 that all rental car companies' courtesy vehicles operate
28 on the upper level of the roadway.

1 MS. TSOUGARAKIS: Do we know how many
2 passengers board off airport shuttles, versus on airport
3 shuttles?

4 MR. TURPEN: We talked about it. Two hundred
5 seventy-five trips a day, Robert?

6 MR. EPIFANIO: We have about 275 bus trips.
7 However, we do not have a count. We know about 12 percent
8 of our traffic uses rental operations as a whole. We
9 don't have a split that identifies the on airport. The
10 bussing is about three times heavier, just by comparing
11 vehicle trips, the vehicles of the on-airport operators.

12 DR. GOOSBY: Run much more frequently.

13 MR. TURPEN: Typically with an on-airport
14 operator, advising the operator that they were on airport
15 and maybe picked up as few as one person. Oftentimes
16 it would be as few as one person, or three, or four or
17 five people.

18 MS. TSOUGARAKIS: That's true of many of
19 them.

20 MR. TURPEN: There was a schedule that,
21 running so frequently, they can board several people on
22 the upper level, because people will go to prearranged
23 locations on the curbside and board the vehicles.

24 Thank you, Robert.

25 MS. TSOUGARAKIS: Aren't we supposed to be
26 making it convenient for the passenger?

27 MR. TURPEN: It is much more convenient to
28 have traffic move, because it didn't in 1979, just didn't

1 move.

2 We have multiple rental car buses
3 literally stopping traffic from moving on the airport.
4 In 1979 it was absolutely a disaster, and since we have
5 come up with this pretty much smoothing function.

6 We have tried to equalize curb usage
7 and everything else. We at least can move traffic through
8 the airport.

9 MS. TSOUGARAKIS: That wasn't true Friday
10 night.

11 MR. TURPEN: Seriously, there's just the
12 crush of people.

13 MS. TSOUGARAKIS: I went to pick up something
14 and the guy moved me along.

15 MR. BERNSTEIN: Bill, do you want to say
16 something?

17 MR. LAWDER: Mr. President, I'm Bill Lawder,
18 for the Hertz Corporation.

19 I think Director Turpen set forth pretty
20 well Hertz' position on this matter. Frankly, I was kind
21 of struck by Commissioner --

22 MS. TSOUGARAKIS: My name is Athena.

23 MR. LAWDER: -- Tsougarakis.

24 MS. TSOUGARAKIS: Tsougarakis.

25 MR. LAWDER: Frankly, the way to solve the
26 convenience problem is to put us, us on airport concessions
27 on the top floor of the garage, and we will quit bussing.
28 And that's convenient for everybody, and that's a subject

1 for a separate meeting.

2 The reason that we are here is the fastest
3 segments of our industry is the off-airport industry.
4 And to the extent that it grows, your concession revenues
5 go down.

6 And we have reached the point, in order
7 to be competitive at San Francisco, we have to have as equal
8 access to the customer as the off-airport rental car
9 industry.

10 Right now we don't have that. I
11 understand as a practical matter we can't have it, because
12 the lower level cannot accommodate our buses. If there
13 is a traffic problem below, then let's have all the busing
14 at the upper level.

15 Thank you very much.

16 DR. GOOSBY: Then you would be in favor of
17 making all the shuttles for all the car companies come
18 to the upper level, like you're restricted to now?

19 MR. LAWDER: That's correct.

20 MR. TURPEN: One rule for everybody.

21 DR. GOOSBY: Yes. Everybody does the same
22 thing.

23 A thousand dollars a month or more.
24 Didn't I read your memo where we would probably lose about
25 \$1700 a month?

26 MR. TURPEN: In terms of the permitting.

27 DR. GOOSBY: Yes. Right. So we do that
28 with great sacrifice.

1 MR. LAWDER: I suspect that you will make
2 it up on concession revenues quite quickly. Thank you.

3 DR. GOOSBY: Thanks.

4 MR. BERNSTEIN: Mr. Senese, did you want
5 to say anything?

6 MR. SENESE: Good morning, my name is Jim
7 Senese. I'm the manager for the National Car Rental
8 concession for the San Francisco Airport.

9 My purpose in being here this morning
10 is just to convey my company's position that we support
11 and are in favor of any regulation or change to the
12 regulation concerning car rental courtesy buses that treats
13 all of the car rental companies equally and fairly. And
14 we think that this regulation does, and we support it.

15 MR. BERNSTEIN: Thank you.

16 MR. TURPEN: Thank you.

17 MR. BERNSTEIN: We will take this under
18 advisement.

19 MR. TURPEN: The staff will come back with
20 a resolution next Commission meeting.

21 MR. COBLENTZ: Let me say, speaking only
22 for myself, I must say that treating everybody equally
23 has a great deal of merit to it, and that combined with
24 the relief of the congestion in the lower level makes
25 a lot of sense to me.

26 DR. GOOSBY: And we are helping the public,
27 like Athena said, keeping the public in mind in one hand
28 and not in the other. Certainly getting your baggage

1 out on the curb, catch a bus and pick up your car, rather
2 than go to the things, carousels, put them on a cart,
3 take them up the escalator, and then go out to the front
4 and get your car.

5 So one way we are losing, the other
6 way we are gaining. But as the Director indicated --

7 MS. TSOUGARAKIS: We are going to lose money
8 from the carts, because you can't take the carts up the
9 escalator.

10 MR. TURPEN: Up the elevator.

11 MS. TSOUGARAKIS: How many people are going
12 to go up the elevator?

13 MR. BERNSTEIN: Next. What is it, 21?

14 MS. CARAMATTI: Item 21, Vending Machine
15 Policy, Authorization to Amend.

16 MR. TURPEN: This is a public hearing as
17 well, sir. It's an amendment to the Airports Commission
18 vending machine policy which was adopted in October 1984.
19 Currently we have ten dispensing units in a rack five
20 wide by two high for newspapers.

21 As the Commission knows, it's taken
22 a great deal of work to come up with a very effective
23 policy for vending newspaper. Because of the local demand,
24 we see the need now to add five additional units on top
25 of the existing, so there won't be any space taken up.
26 We are using our air rights, if you will, to really put
27 on what I think will be the last tier.

28 MR. BERNSTEIN: Mr. Beaulieu, do you want

1 to say anything?

2 You don't make wines too, do you?

3 MR. BEAULIEU: Bart Beaulieu, San Jose Mercury
4 News.

5 Primiarly, I just had some questions
6 pertaining to the installation. The first question I
7 had, what are the five additional publications that we
8 are making the space for?

9 MR. COBLENTZ: I hope the Sacramento Bee.

10 MR. CONRAD: Good morning, Commission. The
11 San Mateo Times has applied, the Times Tribune, which
12 is the Palo Alto Newspaper, has applied, and two or three
13 other newspapers have also applied.

14 I believe we are at 16 or 17 right now.

15 We are looking at the possibility of
16 coming back with something dealing with some additional
17 applications in the future. We haven't wrestled with
18 that issue, but we feel the first step here is to go to
19 the first step without increasing the size.

20 DR. GOOSBY: You mean with the new five?

21 MR. CONRAD: With the new five we have 15.

22 DR. GOOSBY: You've got 15 racks. You have
23 about 16?

24 MR. CONRAD: We have about six or eight
25 applications pending right now, above the existing ten
26 newspapers that are there.

27 MR. COBLENTZ: Ten different newspapers there.

28 MR. CONRAD: Yes, sir.

1 DR. GOOSBY: Above the ten, all right.

2 MR. BERNSTEIN: All right.

3 DR. GOOSBY: So, you haven't approved the
4 five yet?

5 MR. TURPEN: We haven't got space for them.

6 MR. CONRAD: We have ten now, but we have
7 applications now from, I believe, six additional papers.

8 DR. GOOSBY: And we have some general criteria
9 that we will have space from the airport? Don't I recall
10 that?

11 MR. COBLENTZ: Yes.

12 MR. TURPEN: Yes, sir, we do.

13 DR. GOOSBY: We have some sort of general
14 criteria.

15 MR. COBLENTZ: What's the objection from
16 the Mercury News on this?

17 MR. BEAULIEU: Right now, we just want to
18 know what the ground rules are, what is going to determine
19 if we are going to install and allow 15, and we have an
20 additional, as many as six applications. What will the
21 criteria be?

22 MR. TURPEN: We might provide you with a
23 copy of the Commission policy.

24 As a matter of fact, Skip, I don't know
25 if you have a copy.

26 DR. GOOSBY: Aren't you out there now?

27 MR. BEAULIEU: I believe we are.

28 The other question is will the color

1 and the style racks remain the same that are there, and
2 who will be doing the installation work on the new mounts?

3 MR. CONRAD: The color and the style will
4 remain the same. That's in the vending policy. The color
5 will be determined by the Design Review Committee, based
6 on the color of the particular terminal building.

7 I think each of the tiers may be a different
8 color. It's the responsibility of the newspaper companies
9 to provide the racks and to paint the machines. This
10 is something that actually gives the newspaper companies
11 a break, because we are actually building vending alcoves
12 in all instances.

13 DR. GOOSBY: They paint to our specification.

14 MR. CONRAD: They paint to our specifications.
15 They do the additional mounts, and they provide the machines.

16 MR. BEAULIEU: So they will be doing their
17 own installation, and we provide the stands that are
18 required and the --

19 MR. CONRAD: The newspaper companies do the
20 installation of the racks. There is no effort on the
21 airport's part.

22 DR. GOOSBY: In other words, you pay for
23 it.

24 MR. BEAULIEU: That's fine, the installation
25 of the rack, but before you can install a rack you have
26 to have a certain mount. And in this case we are totally
27 changing the style of the mount, which is going to be
28 a three-tier module.

1 MS. TSOUGARAKIS: Could we suggest the
2 technical details be reviewed off lines?

3 MR. TURPEN: I suggest you get together with
4 Mr. Conrad after the meeting and we can provide you with
5 whatever information you need.

6 MR. BEAULIEU: Okay. Fine. Thank you.

7 MR. BEAULIEU: Mr. Romero?

8 MR. COBLENTZ: Of the Times Tribune.

9 MR. ROMERO: Good morning, Mr. President,
10 members of the Commission. I brought a copy of the paper
11 we are talking about. I am going to leave it hear with
12 your secretary so the Commission can review what we are
13 talking about.

14 In reference to the speaker that preceded
15 me, I am not going to go into details, because everything
16 that -- most of the questions that he was referring to,
17 it was proposed in an amendment that the Directors of
18 the Airport explain.

19 Everything is in here. If he would
20 have read this particular document, all those answers
21 would have been answered, all those questions.

22 Mainly I'm in here, sir, to strongly
23 endorse the proposal of this amendment by the Director
24 of the Airport Commission, Mr. Turpen. We really applaud,
25 and we feel he's fulfilling a big need for the service
26 of all the users of the San Francisco Airport.

27 MR. BERNSTEIN: Thank you.

28 Henry Ford?

1 MR. FORD: I decline at this particular time.

2 MR. BERNSTEIN: Then James Parks.

3 MR. PARKS: Are we still on Item 21?

4 I just want to make one comment here
5 in regards to the mounts that these racks are going to
6 be placed on. They're tilt-back, in most cases, and when
7 we get to the third level the mounts do need to be changed.
8 When we get to the third level somebody is going to be
9 reaching far back and awfully high in order to get a paper
10 out of one of the units.

11 If it's in the top unit, they're going
12 to have great difficulty in getting the paper out by the
13 time you get to the third.

14 MR. COBLENTZ: Maybe he has an answer.

15 Dick?

16 MR. CONRAD: We checked with the manufacturer
17 of the machines. The mounts do have to be changed, which
18 is something like a foot and a half high now before the
19 first dispensing device is installed.

20 They would be lowered approximately
21 four inches, and that would mean that the third rack would
22 be about this high.

23 So you don't have to be Wilt Chamberlain
24 to buy the top newspaper.

25 MR. PARKS: There's going to be a modification?

26 MR. CONRAD: There would be a modification.

27 MR. PARKS: The skirt only goes around the
28 mount.

1 Also, I'd like to make one comment here.
2 Investor's Daily, whom I've represented on numerous occasions,
3 eight applications, submitted all proper paper work for
4 one reason or another, and we would very much like to
5 be in the airport.

6 Thank you.

7 MR. BERNSTEIN: Fine. Thank you.

8 Mr. Ford, did you say yes?

9 MR. FORD: No, I decline.

10 MR. BERNSTEIN: You decline. Thank you.

11 It's under advisement, so that that
12 handles that.

13 MR. TURPEN: Yes, sir.

14 MR. BERNSTEIN: Anything further?

15 MR. TURPEN: No, sir.

16 MR. BERNSTEIN: Shall we adjourn?

17 MR. COBLENTZ: We have a closed session.

18 MR. BERNSTEIN: Ladies and gentlemen, that
19 concludes the public hearing session of the Airports
20 Commission meeting.

21 (Whereupon at 10:30 o'clock a.m. the
22 proceedings were adjourned.)

23 ---o0o---

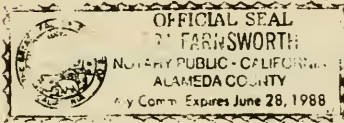
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1 STATE OF CALIFORNIA)
2) ss.
3 COUNTY OF ALAMEDA)
4

5 I, the undersigned, a Notary Public of the State
6 of California, hereby certify that the foregoing Public
7 Hearing was taken at the time and place herein stated;
8 that the proceedings of said Public Hearing were reported
9 by me, a Certified Shorthand Reporter and disinterested
10 person, and were thereafter transcribed under my direction
11 into typewriting; that the foregoing is a full, complete
12 and true record of said hearing.

13 I further certify that I am not of counsel or
14 attorney for either or any of the parties in the foregoing
15 Public Hearing, nor am I in any way interested in the
16 outcome of the cause named herein.

17 IN WITNESS WHEREOF, I have hereunto set my hand
18 and affixed my seal this 10th day of September, 1985.
19
20



24
25
26
27
28

Era Farnsworth

ERA FARNSWORTH
CSR #3208 - Notary Public
State of California

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J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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Minutes
of the
Airports Commission Meeting

August 20, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:	Morris Bernstein
	Z. L. Goosby
	J. Edward Fleishell
	Athena Tsougarakis

Absent:	William K. Coblentz
---------	---------------------

* * *

C. ADOPTION OF MINUTES:

The minutes of the following regular meetings of the Airports Commission were adopted by order of the Commission President.

No. 85-0258	July 2, 1985
No. 85-0259	July 16, 1985

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution numbers 85-0256 and 85-0257 regarding the settlement of litigated claims at the closed session of August 6, 1985.

* * *

E. DIRECTOR'S REPORTS:

1. Unregulated Smarte Carte Collectors

Report on unregulated Smarte Carte collectors and enforcement measures implemented by Airport Police.

Mr. Lou Turpen, Airport Director, said that emphasis has been placed on controlling the unauthorized activity with respect to the operation of Smarte Cartes at the Airport. He said he has personally observed the Airport police in this activity. The Commission will receive a follow-up report on November 19.

Commissioner Tsougarakis asked if this was due to an insufficient number of Smarte Carte employees.

Mr. Turpen responded that many of the 70,000 passengers that pass through the Airport each day rent carts and abandon them in the garage or at other locations on the Airport. This situation presents an opportunity for youths to come to the Airport and retrieve those carts for the money. He explained that the problem is not with the youths returning the abandoned carts but in soliciting carts from passengers and attempting to sell carts to passengers rather than allowing them to purchase the carts from dispensers. He said that the situation has accelerated to an unacceptable point and the recommendation before the Commission is designed to correct the situation.

2. Report on Conditions of Employee Parking Lots "CC" and "D"

Mr. Turpen said the Airport has corrected those conditions which were of concern to employees. Mr. Turpen called the Commission's attention to the police report attached to his memo which indicates the level of security in the employee parking lot.

Mr. Turpen said he considered this matter closed unless the Commission wanted a follow-up report.

Commissioner Bernstein complimented Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, on the fine job he did on this assignment.

No follow-up report was requested.

3. Child Care Center for Employees

Mr. Turpen said that Art Pulaski, Secretary of the San Mateo County Labor Council, approached him on the idea of a child care facility in the vicinity of the Airport that they would like to pursue in conjunction with the Child Care Coordinating Council of San Mateo County.

Mr. Turpen said Mr. Pulaski would like the Commission's endorsement as well as a commitment to publicize the facility to Airport and tenant employees. He said that if the Commission had no objection

he would present a resolution at the next meeting endorsing this concept with the understanding that the Airport might put out a notice to employees about the facility.

Mr. Steven Mills, United Airlines employee, supported the work of the San Mateo Central Labor Council as coordinated by Art Pulaski and Jane Battles. He said both he and his wife work for United and have a 20-month old son. He said they are once again attempting to find adequate child care in the area. He explained that they were not satisfied with the facilities, the help or the cost of the first child care center they chose. Mr. Mills said they were very pleased with the current child care center, run by a licensed woman out of her home, however, she was moving out of the area where insurance costs were lower and more easily obtainable and the money she charged would go farther.

Mr. Mills said that a child care facility would have limitless benefits in terms of improved productivity in the form of higher attendance rates for parents. He said this has been demonstrated in studies performed throughout the country.

Mr. Mills strongly urged the Commission to support a child care facility at the Airport.

Mr. Art Pulaski, Executive Secretary of the San Mateo Labor Council, thanked Mr. Turpen for his interest and foresight in working with them on this issue. He said they valued his participation and cooperation. Mr. Pulaski said that there are many who consider this to be a milestone in child care and in Airport-employee relations. SFIA will be the first Airport to be engaged in such a project. SFIA, which has the largest concentration of employees in the Bay Area, has very unique problems. He felt that in terms of employee relations it makes good economic sense and good management sense to have an efficient, well-operated, near-by child care facility.

Commissioner Goosby asked Mr. Pulaski if the San Mateo Labor Council still opposed the formation of a high school student intern program at the Airport. He said that both the San Mateo and San Francisco School Districts were to participate in this program.

Mr. Pulaski responded that the issue preceeded his tenure with the Labor Council and he was not familiar with the program but would look into it. He said that, in general, one of the biggest concerns of the participating local unions is the question of whether or not the project will in any way interfere with the hours of work of the members of the bargaining unit.

Commissioner Goosby said that he never received a definitive reason as to why the program was opposed by the union. He said that faculty had already identified students for this program and it was a great disservice to them. Commissioner Goosby said he was amazed and disappointed at labor's opposition to the program. Commissioner Goosby said that although he was in favor of the child care facility he wanted the membership to recall that they opposed the student program and that it was a thorn in his side.

Mr. Pulaski said that whenever it can the membership supports training programs for youths. He said that he, as a representative of his Council, sits on a board for joint training for youth. He told the Commission he will look into the issue.

Commissioner Tsougarakis asked if the childcare facility would be located off-Airport.

Mr. Turpen responded that the Airport's Lease and Use Agreement with the airlines precludes the Airport from getting involved in any business other than that of operating an airport. He said Mr. Pulaski asked him if there was any available space on the Airport for such a facility. Mr. Turpen responded that no space has been identified and he encouraged Mr. Pulaski to look at areas adjacent to the Airport, possibly San Bruno or Millbrae. He said it is not the Airport's intent to enter into a joint venture as it is precluded in the Lease and Use Agreement. He said that if the Airport had available space that was not required for Airport purposes he would not be adverse to looking into the possibility of leasing that space to them.

Commissioner Tsougarakis was afraid an on-Airport facility might create additional traffic problems.

Mr. Turpen felt that the possibility of finding a satisfactory on-Airport location which met all the criteria is virtually non-existent, as staff's initial review has indicated.

The Commission was unanimous in its agreement to support the concept.

Commissioner Bernstein asked if the Airport would monitor the facility.

Mr. Turpen responded that from a business standpoint this would be a separate entity.

Commissioner Bernstein was concerned about the problems that have occurred at other child care facilities around the country.

Commissioner Goosby reminded the Commission that two or three years ago a group of former school teachers operating two child care centers approached staff about the possibility of opening a child care center in the Airport. He said that at that time it was not deemed feasible. He added that the center would not only have cared for children of employees but children of passengers who had long layovers or delays.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by the Commission.

* * *

G. POLICY:

The following items were unanimously adopted.

4. Modification of Airport Rules & Regulations:
Rental Car Company Courtesy Vehicles

No. 85-0260

Adoption of proposed modification of the Airport Rules and Regulations requiring all rental car shuttle buses to operate on the upper level terminal roadway only.

5. Resolution Amending Vending Machine Policy

No. 85-0261

Resolution adopting comprehensive amendments to the San Francisco International Airport Vending Machine Policy.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was put over without discussion.

6. Resolution Awarding Airport Motor Coach Service Agreement

The following items were unanimously adopted.

7. Public Automobile Parking Facilities Operating Agreement -
Prequalification List

No. 85-0262

Resolution to approve the exclusive list of firms prequalified to bid on the Public Automobile Parking Facilities Operation Agreement.

Mr. Turpen reminded the Commission that at the August 6 Commission meeting they were presented with a recommendation to qualify seven firms and to disqualify Parking Company of America. He said that Airport staff has reviewed Parking Company of America's supplemental submission and continues to recommend against their inclusion in the bidder pool.

Ms. Helen Monat, representative for Parking Company of America, said that the supplemental information was given to staff last Monday, as agreed. That Friday, Parking Company of America was notified by Skip Conrad of Airport staff that they were not qualified. She said that Mr. Conrad indicated at that time that staff had additional questions.

Ms. Monat said that Ms. Gittens felt that they met the minimum qualifications but did not feel certain questions had been adequately responded to. She complained that this is the second list of questions.

Commissioner Tsougarakis said that staff was not asking a second set of questions; they were asking for clarification of the original responses. She said that the questions had not been answered properly the first time and adequate clarification was not given in the supplemental. She felt that was a manifestation of the fact that Parking Company of America was not prepared to be qualified as a bidder. Commissioner Tsougarakis agreed with the staff recommendation.

Commissioner Tsougarakis explained that the only reason she recommended the item be put over was because she did not feel Parking Company of America received proper notification the first time. She said that was not true in this instance. She added that their responses were reviewed by staff and the Commission.

Commissioner Tsougarakis was excused from voting on the following item by the Commission. Item 8 was unanimously approved.

8. Resolution Awarding Financial Services Lease

No. 85-0263

Resolution awarding Financial Services Lease to Bank of America NT&SA.

Mr. Turpen said staff sent out information to virtually every bank and savings and loan in the state and the Bank of America submitted the only bid.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

9. Design Review Approval - South Terminal Principal Concession Shops on Boarding Areas "A" and "B"

No. 85-0264

Resolution approving the schematic design of the South Terminal Principal Concession retail shops on Boarding Areas "A" and "B" operated by Host International.

10. Rejection of Bids and Authorization to Rebid Contract No. 1573.
Concrete Divider at Boarding Area "D" Tunnel

No. 85-0265

Resolution rejecting all bids for
Contract No. 1573 and authorizing the
Director of Airports to call for bids
when ready.5

11. Award of Contract No. 905:
Improvement to Water Supply System
North Field Area - Phase I

No. 85-0266

Resolution awarding Contract No. 905
to W.J. Gaffney, Inc. in the amount of
\$481,175.00

Eight bids were received on June 27,
1985 ranging from \$481,175.00 to
\$632,285.00.

12. Resolution Modifying Lease and Use Agreement - Eastern Air Lines, Inc.

No. 85-0267

Resolution modifying Lease and Use
Agreement No. 82-0116 between Airport
and Eastern Air Lines, Inc.

13. Request for Approval of Travel/Training for Airports Commission
Representative

No. 85-0268

14. Retirement Resolution - Evelyn Monroe

No. 85-0269

* * *

J. PUBLIC HEARING:

The following item was put over to the September 3 meeting.

15. Fiscal Year 1985/86 Rates and Charges

Hearing concerning the establishment
of (1) terminal rental rates; and, (2)
commercial and general aviation
landing fee rates for Fiscal Year
1985/86 and beyond.

Mr. Turpen explained that the San Francisco Progress failed to publish a notice regarding this public hearing on the rates and charges. Since the City Charter mandates that notification of a public hearing appear in the Progress, the official City paper, prior to the hearing date he recommended putting the item over to the September 3 meeting.

The Commission agreed.

* * *

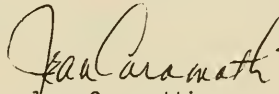
K. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:28 a.m. to go into closed session.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

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ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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Airports Commission

September 3, 1985

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Minutes
of the
Airports Commission Meeting

September 3, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: William K. Coblentz
Z. L. Goosby
J. Edward Fleishell
Athena Tsougarakis

Absent: Morris Bernstein

* * *

C. SPECIAL ITEM:

The following items were unanimously adopted.

1. Resolution to Rename Road R-3

No. 85-0270 Resolution naming Airport Road R-3
after former Airport Commission
President William E. McDonnell.

2. Commendation for Marcel (Skip) Conrad

No. 85-0271 Resolution regarding the resignation
of Marcel (Skip) Conrad as Head
Property Manager, Business & Finance.

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

3. Tenant Improvement:

United Airlines Maintenance and Operations Center Cogeneration Plant
No. 85-0272 \$20,000,000.00. T-2991. Revenue
Agreement involved.

Commissioner Goosby asked how much revenue the Airport would gain.

Dennis Bouey, Acting Director of Airports, responded that the Airport would receive 1.25 percent based on a formula derived by United Airlines and concurred with by staff.

Mr. Bouey explained that United is building the cogeneration plant on the grounds of the MOC and the Airport is retaining the ground rent of approximately \$17,000. He said that this money would be in addition to the rental fee. He explained that the transmission lines connecting the cogeneration facility with the PG&E substation crosses Airport property in two locations. In return for allowing United to cross Airport property we will be allowed to hook up to the cogeneration facility at no charge. This will enable us to use their power in emergency situations.

Commissioner Tsougarakis asked about the sale of electricity.

Mr. Bouey responded that the purpose of the cogeneration plant is to generate steam through the use of turbines to run the MOC. He explained that electricity is a by-product and will be sold to PG&E. He explained that the Airport will receive a royalty from that sale.

Commissioner Coblentz said this is an exciting project and United is to be commended.

4. Tenant Improvement:

United Airlines North Terminal Passenger Service Center For Ticket Dispensing

No. 85-0273 \$30,000.00. T-3028. No Rental Credit.

5. Award of Contract No. 1439

Pavement Overlay - Parking Lot "D"

No. 85-0274 Resolution awarding Airport Contract
No. 1439 to Stacy and Witbeck, Inc.,
Westbay Contractor's Engineers, Inc.,

a Joint Venture in the amount of \$1,007,617.45.

Six bids were received on August 15, 1985 ranging from \$935,275.00 to \$1,015,951.00.

6. Reimbursement of Rental Credit to PSA for Replacement of Existing Blast Fences. Maximum: \$200,00.00

No. 85-0275

7. Approval of Tenant Improvement Guide Supplemental No. 2

No. 85-0276

Resolution approving and adopting the "Tenant Improvement Guide Supplement No. 2."

The supplement will update the Guide to reflect needed guidelines over:

- A. Hazardous substances storage and transfer in underground tanks and pipelines;
- B. Regulations on sewage and industrial waste water discharges into the Airport systems;
- C. Telephone provisions in Airport building space.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following item was put over.

8. Child Care Center for San Francisco International Airport Employees.

Resolution endorsing the need of a Child Care Center for Airport employees.

Commissioner Goosby asked that this item be put over until Mr. Turpen receives a response to a letter he sent to the San Mateo Labor Coalition regarding their lack of support for staff's efforts to institute a high school student intern program at the Airport.

Mr. Bouey said he would forward a copy of the response to Commissioner Goosby when it is received.

The following items were unanimously adopted.

9. Approval of Bid Call and Construction Budget:
Contract 1410-G
Passenger Pick-up Area, West Entrance Building

No. 85-0277 Resolution approving bid call and budget for construction of an outdoor passenger pickup area near the lower level entrance to the West Entrance Building of South Terminal.

10. Exercise Option Provided in Professional Services Agreement to Extend Contract Time for 12 Months for Contract with:

No. 85-0279 1. Gerson/Overstreet, Architects for Tunnels A & C and demolition of Pier "e".

No. 85-0278 2. Daniel, Mann, Johnson & Mendenhall, Engineers for South Terminal Aircraft Aprons, Phase II.

No change in contract costs.

11. Request for Approval of Travel/Training for Airports Commission Representatives

No. 85-0280

* * *

G. PUBLIC HEARING:

12. Fiscal Year 1985/86 Rates and Charges

Public hearing concerning the establishment of: 1) terminal rental rates; and, 2) commercial and general aviation landing fee rates for Fiscal Year 1985/86 and beyond.

Commissioner Goosby commended staff on the fine job they did.

Mr. Bouey commented that the increases are largely attributable to increases in debt service and not operating cost.

13. Amendment to the Airport's Rules and Regulations Relating to Ground Transportation Operators Not Authorized by the Airports Commission.

Commissioner Coblentz asked Mr. James Clapp if he wished to address the Commission.

Mr. Clapp, attorney for Lorries Travel and Tours, said Lorries felt this is a good program in which to help with the regulation of permitted and non-permitted ground transportation operators at the Airport. He said that Lorries did have some questions not addressed in material submitted to ground transportation operators but otherwise had no opposition.

Mr. Clapp said that his main question had to do with the issuance of those permits. He said that Lorries has been a ground transportation operator at the Airport for over 10 years. They operate under two State licenses, a Charter Party Permit and a Passenger Stage Operator, which allows them to operate individual fare services to and from San Francisco Airport. He said that the individual fare service is operated both as a scheduled and on-demand carrier. Mr. Clapp said that the fact that Lorries is competing with the Airporter for passengers to and from the Airport adds to the confusion and somewhat discriminating enforcement against Lorries operations at the Airport.

Mr. Clapp said that the proposed rules is a good opportunity to try to clarify Lorries' position as well as that of other operators. He explained that Lorries is distinguishable from operations such as Luxor and Yellow in the fact that it has a scheduled service from the Airport into San Francisco as opposed to the exclusive on-demand services of the other two van services.

Mr. Clapp said the Director has the authority to enter into written contracts with ground operators to issue permits to operate at the Airport. He said that the only two requirements stated were that the operator have a state license and that the appropriate fees be paid to the Airport. He said there was no clarification as to whether the authority given to the Director is discretionary or automatic upon the application of the state licensed ground operator.

Mr. Bouey said that perhaps Mr. Clapp should contact Sheldon Fein of Airport Landside Operations who would be able to respond to his specific questions. He said that the issue at hand is simply a point of clarification. He explained that the current language provides for a designated spot for the non-permitted services but did not prohibit them from parking elsewhere.

Mr. Clapp called attention to two clerical errors. The first was in section 1.1.121, second line, and should read Passenger Stage Certificate. The second error is to Appendix B, Section 1.4.7, line 4, which should read Passenger Stage Certificate rather than Stagecoach Permit.

Mr. Clapp said he would direct his other concerns to Mr. Fein.

Commissioner Goosby asked if limousines coming out to the Airport on a pre-arranged basis pick up their passengers on the upper level roadway while taxis, which pick up passengers on a random basis, use the lower level.

Mr. Bouey said that was correct. He explained that this does not change the method of operation, it is merely a clarification of a technicality.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:12 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

SEPTEMBER 17, 1985

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LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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Minutes
of the
Airports Commission Meeting

September 17, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Morris Bernstein
William K. Coblentz
Z. L. Goosby
J. Edward Fleishell

Athena Tsougarakis arrived at 9:12 a.m.

* * *

C. ADOPTION OF MINUTES:

The Minutes of the regular meetings of August 20, 1985 and September 3, 1985, were adopted by order of the Commission President.

No. 85-0282
No. 85-0283

* * *

D. SPECIAL ITEM:

1. Election of Officers

No. 85-0284

Commissioners Bernstein and Coblentz were unanimously elected President and Vice President respectively.

* * *

F. POLICY:

The following items were unanimously adopted.

2. Amendments to the Airport's Rules and Regulations Relating to Ground Transportation Operators Not Permitted by the Airprts Commission.

No. 85-0285

Mr. Lou Turpen, Airport Director, explained that this was as a result of the September 3 public hearing where staff recommended to the Commission certain changes to the Airport Rules and Regulations concerning ground transportation. He said that the changes related primarily to the red and white zones on the upper level roadway and have been outlined in the Commission agenda packages.

3. San Francisco International Airport Aviation Exhibition

No. 85-0286

Resolution regarding the establishment of a permanent Aviation Exhibition and installation of display aircraft at the San Francisco International Airport.

Mr. Turpen explained that Delta Airlines will be vacating the North Terminal within the next 18 to 24 months. He said that that portion of the Delta area facing the North Terminal connector does not lend itself to ticket counters and will be used for an aviation exhibition.

Commissioner Goosby asked how much the Airport will have to pay Harrah's.

Mr. Turpen responded that nothing will be paid for the airplane.

Mr. Ron Wilson, Community Affairs Director, added that Harrah's will pay to have the plane transported to SFO. The Airport will incur minor expense to support the ceiling in order to hang the airplane.

Commissioner Coblentz said there will be a small plaque acknowledging Mr. Harrah's contribution.

Mr. Turpen said it will cost the Airport approximately \$25,000 to make the necessary modifications to the structure in order to insure proper installation of the airplane.

Commissioner Coblentz asked how long the airplane will be on loan.

Mr. Wilson responded that the Airport is negotiating for a period of a year and will renegotiate for an extension and possibly the purchase of the aircraft.

Mr. Turpen added that he would not recommend approval of the \$25,000 expenditure unless there were strong feelings that the exhibition would remain at the Airport for a period of time.

Mr. Turpen said he would like the authority to proceed and if the situation changed he would advise the Commission.

Commissioner Goosby felt that the length of time the aircraft would be on loan should be determined before the \$25,000 is spent.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

4. Resolution Awarding Operating Agreement for Public Automobile Parking Facilities

No. 85-0287

Resolution awarding Operating Agreement for Public Automobile Parking facilities to Airport Parking Management.

Mr. Turpen said that a total of seven (7) firms were authorized to bid at the completion of the pre-bid requirements. One company did not bid and one bidder arrived after the deadline for receipt of bids and his bid was not accepted. He said that the successful bidder was Airport Parking Management, the current operator.

5. Adoption of Fiscal Year 1985/86 Rates and Charges

No. 85-0281

Resolution authorizing the establishment of (1) terminal rental rates and (2) commercial and general aviation landing fee rates for Fiscal Year 1985/86 and beyond. Resolution also authorizes a \$5,910,000 supplemental appropriation from unappropriated surplus to the operating fund, as required by the Lease & Use Agreement.

The following item was unanimously adopted as amended.

Commissioner Tsougarakis arrived during the discussion of this item.

6. Authorization to Receive Bids for Lease of Mobile Catering in the Taxi Staging Area of the Garage.

No. 85-0288

Resolution approving leasehold specifications and authorizing Director to receive bids for the Lease of Mobile Catering in the Taxi Staging Area of the Garage.

Commissioner Bernstein asked Mr. William Zaminoff if he wished to address the Commission.

Mr. Zaminoff said that at the pre-bid conference the suggestion was made for a one-year lease with two, one-year options. He said that the specifications also called for two separate bids for two operators and the suggestion was made to amend the specifications to allow one bidder to bid on both leases.

Ms. Angela Gittens, Deputy Director for Business and Finance, responded that one bidder could bid on and be awarded both leases.

Mr. Zaminoff also questioned the requirement calling for experience in food management. He argued that the operator of a catering truck handles packages not food. He felt that this requirement eliminated the individual who wished to start a business. He explained that all that is required is to purchase packaged food from a vendor and sell it.

Commissioner Coblenz asked why there was a requirement for one year of experience.

Ms. Gittens responded that the operator could opt to prepare fresh food and would then be handling food and not just packages.

Commissioner Coblenz felt this would be the perfect opportunity for an individual to start a new business and agreed that the experience requirement should be eliminated.

Commissioner Goosby agreed with Commissioner Coblenz although he understood why staff wanted to include that requirement in the event the operator wanted to prepare fresh food.

The Commission was unanimous in its desire to amend the specifications, eliminating the experience requirement and establishing a one-year lease with two, one-year options.

The following item was unanimously adopted.

7. Award of Contract No. 1435A
Reconstruct Taxiways "A" and "B", Phase I

No. 85-0289

Resolution awarding Airport Contract No. 1435A to Ghilotti Bros. Inc., in the amount of \$1,022,173.00.

Four bids were received on August 28, 1985, ranging from \$1,022,173.00 to \$1,061,553.50.

The Commission voted unanimously to reject all bids for the following item.

8. Award of South Terminal Shoeshine Lease

No. 85-0290

Resolution awarding South Terminal Shoeshine Lease to Leather-Care.

Mr. William Holmes, Leather Care - SFO, acknowledged the defects in their bid but petitioned the Commission to waive them. He assured the Commission that his company would carry out the conditions of the lease.

Mr. Walter Caplan and Mr. William Jones of A Step Up complained that they were not officially notified of the meeting today. Mr. Caplan said that had he not gone out to the Airport and talked to the Commission Secretary he would not have known that this item was on calendar.

Mr. Don Garibaldi, Airports General Counsel, responded that he spoke with Mr. Caplan on Friday and informed him at that time that the meeting was to be held on Tuesday and that this particular item would be discussed.

Commissioner Goosby asked what the procedure was for notifying individuals of Commission meetings.

Jean Caramatti, Commission Secretary, responded that she sends out calendars to approximately 190 individuals who have requested to receive them on a regular basis. She said that it was her understanding that when leases or contracts are being awarded or when there are problems with bids, the division responsible for that item notifies all interested parties.

Ms. Gittens added that in the event there is not enough time to send out written notification, phone calls are placed to all interested parties. She emphasized that staff has been in contact with Mr. Caplan on a regular basis and it is possible that a call to specifically tell him of the meeting was not placed.

Mr. Caplan submitted documents to the Commission in an attempt to substantiate A Step Up's claim that Leather Care-SFO's bid was defective and should be rejected (see attached).

Ms. Gittens reminded the Commission that although there were several technical defects with Leather Care's bid it was within the Commission's right to waive those defects.

Commissioner Tsougarakis felt that there were just too many problems with the bid and moved to reject all bids.

The following items were unanimously adopted.

9. Requesting Authorization to Enter into Permits with Tenants for the Sale of Lottery Tickets

No. 85-0291

Resolution authorizing issuance of permits for the sale of lottery tickets at San Francisco International Airport.

10. Selection of Consultants for Preparation of Airport Master Plan and Environmental Impact Study

No. 85-0292

Staff and Howard Friedman have nominated the following consultants:

Daniel, Mann, Johnson, & Mendenhall of
San Francisco --

Consultant to prepare Airport
Master Plan including forecasts,
evaluation of existing facilities,
and development of alternatives.
Budget: \$450,000

Jefferson Associates of San
San Francisco --

Consultant to prepare Environmental
Impact Report. Budget: \$100,000.

Resolution approving nomination and
authorizing staff to prepare contracts
for Commission's approval.

Commissioner Goosby felt the West of Bayshore should be included as
part of the study.

Mr. Turpen responded that the Lease and Use Agreement precluded the
Airport from spending any money on the West of Bayshore other than
that required to maintain it at its current level.

Commissioner Fleishell recommended contacting Wally Wortman, Director
of the Real Estate Department, to suggest he hire Daniel, Mann,
Johnson & Mendenhall for a West of Bayshore study.

Mr. Turpen suggested that the Commission might want to discuss this
with Mayor Feinstein before proceeding.

Commissioner Bernstein told the Commission that Mayor Feinstein
appointed a task force on the West of Bayshore but it has not met in
over two years. He said that the task force consisted of Wally
Wortman, Dean Macris, Rudy Nothenberg and himself.

Commissioner Tsougarakis suggested that a letter be sent under
Commissioner Bernstein's signature to fire up the task force.

Mr. Turpen felt that a better way to go would be for members of the
Commission to meet with the Mayor explaining the situation.

Commissioner Coblentz said that the consensus of the Commission was
to have Commissioner Bernstein try to get the task force moving and
for the Commissioners to talk to Wally Wortman about hiring the
consultant.

11. Type II Modifications for Three South Terminal Complex Construction
Contracts

No. 85-0293
No. 85-0294
No. 85-0295

Contract modification to provide
additional work for unforeseen
conditions, increased scope, and
deficiencies in the plans and
specifications.

Contract 1410ABCD
Contract 1410EF
Contract 1414AB

12. Professional Services Agreement
Dieter C. Rapp, Interior Planting Consultant
Modification No. 5 - \$7,500.00

No. 85-0296

Resolution approving Modification
No. 5 to the Professional Services
Agreement between the City and Dieter
C. Rapp, Interior Planting Consultant.

Commissioner Goosby asked if this would be the last modification.

Mr. Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, responded that it would. He added that as each phase of the South Terminal is completed, Airport staff would take over maintenance of plants. He said that purchase of those plants is provided for in the construction program.

13. Transfer of Funds to Art Commission for the Purchase of Five Models of San Francisco Architectural Landmarks by Don Potts - \$75,000

No. 85-0297

Models include City Hall dome, Golden Gate Bridge pylon, Victorian house, Hallidie Building, and Golden Gate Park.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

14. Retirement Resolution for Henry Cosmos

No. 85-0298

Resolution expressing best wishes for the fullest measure of health, happiness and fruitful retirement to Henry Cosmos.

15. Statistical Adjustments for 1985-86 Joint Use Billings under Lease and Use Agreement

No. 85-0299

Resolution adjusting 1985-86 Joint Use Billings pursuant to Section 101.W of the Airline-Airport Lease and Use Agreement for Pride Air, Inc.

16. 12-Month Renewal of Professional Services Agreement with Howard A. Friedman at No Additional Cost

No. 85-0300

Resolution approving Modification No. 7 to Howard Friedman's contract to extend contract time to June 30, 1986. No change in contract amount.

17. Close-Out of Contract No. 788
Extension and Redesignation of Taxiway 'A' and 'B'

No. 85-0301

Resolution approving extension of time
and assessment of liquidated damages.

18. Request for Approval of Travel/Training for Airports Commission
Representatives

No. 85-0302

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Tsougarakis was excused from the discussion.

Commissioner Bernstein asked about the bank lease.

Mr. Turpen responded that the lease would have to be rebid.

Ms. Gittens added that the minimum would remain the same. She reminded the Commission that this would not attract a lot of competition.

Commissioner Goosby reminded the Commission that they agreed to the figures.

Commissioner Fleishell suggested the six major banks be called personally.

Mr. Turpen suggested that that might cause problems; that the entire list of 300 banks should be contacted once again.

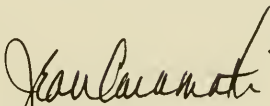
Ms. Gittens told the Commission that each of the 300 names would be sent a numbered form asking if the proper individual received the specifications and if the bank intended to bid on the lease. Any bank not returning a notice would receive a call from staff.

Commissioner Tsougarakis asked that the minutes reflect her concurrence with the nomination and election of Commissioners Bernstein and Coblentz as President and Vice President respectively.

* * *

J. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:20 A.M.



Jean Caramatti
Commission Secretary

WALTER H. CAPLAN
ATTORNEY AT LAW
ONE UNITED NATIONS PLAZA
SAN FRANCISCO, CALIFORNIA 94102
(415) 821-0500

23 August 1985

Mr. Louis A. Turpen
Director of Airports
San Francisco International Airport
San Francisco, CA 94128

Re: South Terminal Shoe Shine Service Bid

Dear Mr. Turpen,

This letter is a formal protest of the shoe shine service bid submitted by Leather Care-SFO. I am writing this on behalf of A Step Up, a partnership between myself and Mr. William Jones.

A Step Up submitted a bid for the shoe shine service lease and we believe we have submitted the highest, qualifying bid and should be awarded the lease. We believe Leather Care-SFO's bid submitted is defective and should be rejected for the following reasons:

1. Cashier's Check Submitted as Bid Bond
Leather Care-SFO tendered a cashier's check as a bid bond, in complete violation of the City's requirements as stated clearly in the bid documents. The bid documents unequivocally state in at least three places that a bidder only is to submit a certified check, an irrevocable letter of credit, or a corporate surety bond. Leather Care-SFO did not comply.
2. Inconsistent Bidder Names Submitted
The Bid Form identifies the bidder as "Leather Care-SFO." The contract of formation submitted is for "Leather Care-California." The bid documents specifically require submittal of a bidder's contract of formation. Two separate entities appear to be involved, in direct contravention of the bid document requirements.
3. Apparent Fraud in Partnership Interests
The Human Rights Commission Form 5 submitted by "Leather Care-SFO" lists the bidding entity's ownership share as belonging to "Judith Edwards - 51%" and "Richard G. Lee - 49%." However, the "Joint Venture Agreement" of "Leather Care-California" specifically states in Section 8: "Profits and Losses. The Partners shall share in profits and shall bear losses equally." (Emphasis added.)

It appears that Leather Care-SFO/California was seeking the affirmative action bidder's preference bonus (although it was not circled) as a woman-owned entity although profits and losses were to be disbursed equally. If so, this would be a serious misrepresentation and alone should be grounds for disqualification.

4. Incomplete Bid Submittal

- a. No financial statement was submitted for the alleged majority partner, Judith Edwards.
- b. No listing of gross sales submitted for the bidding entity's last three years (Questionnaire - No. 5) was submitted. This is the first substantive question regarding experience and it specifically required bidders to identify "...detail as to gross receipts for each of the last three (3) years."
- c. Question 6 to the HRC Affirmative Action Questionnaire was not answered.
- d. The answer to Question 9 of the City's experience questionnaire refers to a "...total of 22 persons employed as subcontractors..." However, the HRC Workforce Breakdown, Attachment B, only identifies two people as employed.
- e. Form IV-B of the City's Qualification Questionnaire fails to show where the joint venture is recorded.
- f. The bidding entity was tentatively awarded a 5%-WBE bidders' preference at the bid opening. Leather Care's bid was opened first. The HRC Form 5 indicated no certification requested for MBE, WBE or LBE preference. Why was Leather Care extended the 5% preference?

In light of the above, we respectfully request that Leather Care's bid be rejected and the Lease awarded to "A Step Up."

I will be out of the state the week of September 2 - 6, 1985. I can be reached at my office through Friday August 30, and after Tuesday, September 10, 1985. If any formal action on this matter is scheduled during this period, I request that it be deferred until after I return to San Francisco.

Thank you for your consideration.

Very Truly Yours,


WALTER CAPLAN

cc: Morris Bernstein
William Jones

WHC/tlj

AIRPORTS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
DIANNE FEINSTEIN, MAYOR

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128



MORRIS BERNSTEIN
PRESIDENT
WILLIAM K. COBLENTZ
VICE-PRESIDENT
DR. Z. L. GOOSBY
J. EDWARD FLEISHELL
ATHENA TSOUGARAKIS

LOUIS A. TURPEN
DIRECTOR OF AIRPORTS

September 13, 1985

Walter H. Caplan
One United Nations Plaza
San Francisco, CA 94102

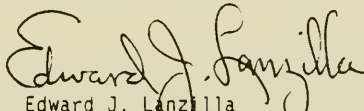
RE: A Step Up
Protest

Dear Mr. Caplan:

Enclosed for your information as per the protest submitted by A Step Up against the bid submitted by Leather Care-SFO for the South Terminal Shoeshine Lease are the following:

1. Memorandum and Commission Resolution re: Award of South Terminal Shoeshine Lease;
2. Formal protest by A Step Up;
3. SF Human Rights Commission response to the protest;
4. William J. O. Holmes, attorney for Leather Care-SFO, to the letter of protest.

Very truly yours,


Edward J. Lanzilla
Principal Property Manager

TEL. (415) 761-0800

TELEX 509520
SFO AIRPORT

AIRPORTS COMMISSION

AUG 26 1985

CITY AND COUNTY OF SAN FRANCISCO
DIANNE FEINSTEIN, MAYOR

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128



MORRIS BERNSTEIN
PRESIDENT

WILLIAM K. COBLENTZ
VICE-PRESIDENT

DR. Z. L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN
DIRECTOR OF AIRPORTS

August 23, 1985

Mr. Robin Chiang
Group 4/Architecture
Research and Planning, Inc.
457 Forbes Blvd.,
So. San Francisco, CA 94080

Subject: Contract 1410H
West Entrance Shoeshine Stand

Dear Robin:

As we discussed with Kent Edwards of Leathercraft this morning, the City's work in the West Entrance Shoeshine Stand will consist of ceiling, wall and floor finishes in a "high tech" design style.

Specific finishes discussed were:

- Ceiling - Undetermined.
- Lighting - Undetermined, possibly fluorescent or incandescent.
- Walls - Probably plastic laminate finish.
- Base - Twelve inch high rubber base as used in West Entrance Building.
- Floor - Possibly hard rubber - black.

Services shall include:

- Electrical - Lighting and controls four power outlets.
- Communication - One telephone outlet.
- HVAC - Heating, cooling and ventilation.
- Plumbing - Fire Sprinklers.

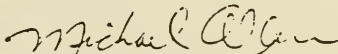
Security - No specific requirements. Roll down grille ~~not~~ required.

Mr. Edwards agreed to furnish a floor plan layout of his furnishings for coordination within 10 days.

Mr. Robin Chiang
Page 2.
August 23, 1985

Mr. Edwards was referred to Peter Bittenbender for details at the Boarding Area B Shoeshine Stand. Robin Chiang gave Mr. Edwards a brief description of the City's finishes around the Shoeshine Stands at Boarding Area B and the West Entrance Building.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Allen".

Michael Allen
Project Manager

MA:pk

cc: Kent Edwards
JYuen
MConrad
JCostas
CLTse-Chan
CHam
MAllen
BPC file (1410H)



Group 4/Architecture,
Research and Planning, Inc.

457 Forbes Boulevard
South San Francisco
California 94080 USA
(415) 871-0709

451 College Avenue
Santa Rosa
California 95401 USA
(707) 575-7508

11 September 1985

Mr. J. Edwards
Leathercare
2121 South El Camino Real, Suite 515
San Mateo, CA 94403

Re: South Terminal Shoeshine Stand, San Francisco International
Airport. West Entrance Building @ Boarding Area A Location

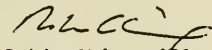
Dear Mr. Edwards:

Mr. Ed Lanzilla has informed us that your local representative
has been in the hospital. We wonder if there is anyone
else in your firm who could help us with the information
we need for completing contract documents for your shoeshine
stand.

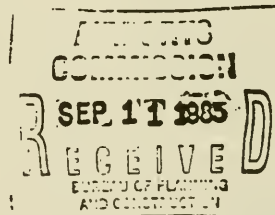
As per our meeting of 22 August, we understand that the
Airport will provide hi-tech finishes on walls, floor and
ceiling as well as fixed lighting and electrical outlets.
We need to know what level and quality of lighting you need
or whether color rendition or illumination is even that critical
to your operation. We also need to know where you believe
most appliances will be located so that we can accomodate
you with outlets.

The Airport is most anxious to have all work done by opening
day in November. That will require a near miracle, but we
will try to maintain the schedule if can receive all information
from your office as soon as possible. Thank you.

Sincerely,


Robin Chiang AIA

copies: Mike Allen, SFIA
Charles Ham, Group 4



AIRPORTS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
DIANNE FEINSTEIN, MAYOR

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128



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VICE-PRESIDENT
DR. Z. L. GOOSBY
J. EDWARD FLEISHELL
ATHENA TSOUGARAKIS

LOUIS A. TURPEN
DIRECTOR OF AIRPORTS

August 27, 1985

Judith Edwards/Richard G. Lee
Leather Care - SFO
2121 El Camino Real, Suite 515
San Mateo, CA 944503

Re: Airport Shoeshine Bid

Dear Mrs. Edwards and Mr. Lee:

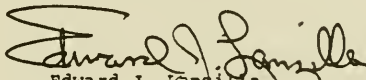
On August 21, 1985 at 10:00 A.M. bids were opened for the South Terminal Shoeshine Lease. The apparent high bidder is Leather-Care with a bid of \$96,575 as a minimum annual guarantee. The second high bidder is A Step Up with a bid of \$85,276 as a minimum annual guarantee. As A Step Up requested preference of local and minority bidder, ten percent (10%) is added to the bid. A Step Up effective bid thereby is \$93,803.

However, A Step Up has submitted a formal protest of the shoeshine bid submitted by Leather-Care (copy of the protest and Leather-Care's bid documents are attached).

The protest has been submitted to the San Francisco Human Rights Commission for a reply.

You might want to consult an attorney on this matter.

Very truly yours,


Edward J. Lanzilla
Principal Property Manager

Attachment

EJL:au

bcc: Admin
Chron
File

0358m

TEL. (415) 761-0800

TELEX 509520
SFO AIRPORT

2674345



BANK OF AMERICA NT&SA
NATIONWIDE SERVICE CENTER
PLEASANT HILL, CALIFORNIA

CASHIER'S CHECK

DATE August 20, 1985 #267 11-35/1210

PAY TO THE ORDER OF

*****CITY & COUNTY OF SAN FRANCISCO***** \$ 5,000.00

Bank of America 5000000000

DOLLARS

Authorized Signature

⑈ 2674345⑈ ⑆ 121000358⑆ 13977⑈ 85100⑈

IV-A
BID FORM

LEASE OF SHOESHINE STAND OPERATION
IN THE SOUTH TERMINAL BUILDING
AT
SAN FRANCISCO INTERNATIONAL AIRPORT
San Francisco, California
August 21, 1985

TO THE DIRECTOR OF AIRPORTS:

The undersigned, having examined carefully the accompanying Invitation for Bids, Instructions to Bidders, and the Lease of Shoeshine Stand Operation in the South Terminal Building at San Francisco International Airport, and having visited said Airport, and having become familiar with all of the terms and conditions specified in said Invitation, Instructions, and in the Lease, and with its proposed operation, and having completed answers to all Questionnaires hereby submits this bid as and for compensation for the privilege of and permission to operate Lease of Shoeshine Stand Operation at Airport to be paid to City by the undersigned in consideration of the execution of said Lease and the performance of all terms and conditions therein agreed by the Lessee on its part to be kept and performed.

The amount of the first year's annual guarantee is Ninety Six
Thousand Five Hundred Seventy Five DOLLARS (\$96,575.00),
which constitutes the Bid Item. As specified in the Instructions to Bidders,
the minimum acceptable bid is FIFTY THOUSAND DOLLARS (\$50,000.00) per year,
adjusted annually by the Consumer Price Index.

(Sign here, if individual)

(Signature) _____
(Address) _____

(Sign below, if Co-partnership
or Joint Venture)

(Co-partnership name of firm
or name of Joint Venture
(Address)

Signature of members signing)
(Address)

(Address)

(Address)

Leather Care - SFO
2121 S. El Camino Real Ste 515
San Mateo, CA 94403
Richard G. Lee
2121 S. El Camino Real Ste 515
San Mateo, CA 94403

2

(Sign here, if corporation)

Name of Corporation
(Address)

Signature of Officer of Corporation

Title

(Corporate seal to be affixed here)

Dated _____

IV-B
QUALIFICATION QUESTIONNAIRE RE: EXPERIENCE
AND FINANCIAL ABILITY

All information requested in the Qualification Questionnaire MUST be furnished by the prospective bidder, and MUST be submitted. Statements must be complete and accurate and in the form requested. Omission, inaccuracy or misstatement may be cause for rejection.

1. Name of prospective bidder exactly as it is to appear on the Lease, and address which prospective bidder designates under the Notice provision of the Lease:
Leather Care - SEO
2121 S. El Camino Real Ste 515
San Mateo, CA 94403

2. Prospective Bidder, if selected, intends to carry on the business as Individual (), Partnership (), Joint Venture (x), Corporation (), Other (); If "Other" attach explanation.

3. If a Partnership or Joint Venture, attach a copy of the partnership agreement or Joint Venture agreement and answer the following:
 - A. Name, address, and share of each partner or member of Joint Venture:

<u>Name</u>	<u>Address</u>	<u>Share</u>	
<u>Richard G. Lee</u>	<u>2121 S El Camino Real</u>	<u>49%</u>	<div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">3</div>
<u>Judith Edwards</u>	<u>55 W. 20th Ave S. Mateo</u>	<u>51%</u>	

 - B. Date of Organization August 1, 1985

 - C. General or Limited Partnership; (If applicable)

 - D. Where Recorded _____

County	State	Date
--------	-------	------

 - E. Registered in California Yes If so, When August 1, 1985

JOINT VENTURE AGREEMENT

This Agreement is made on this 1st day of August, 1985, by JUDITH J. EDWARDS, and RICHARD G. LEE, under the following provisions.

1. Joint Venture-Type of Business. The individuals shall associate to form a Joint Venture for the purpose of operating shoe shine concessions, and any other businesses as agreed upon.
2. Joint Venture. The Joint Venture name shall be LEATHER CARE - CALIFORNIA 2
3. Term. The Joint Venture shall commence on the execution of this Agreement, and shall continue until dissolved by agreement of the Parties or terminated under the provisions of this Agreement.
4. Place of Business. The principal place of business shall be 2121 S. El Camino Real, Suite 515, San Mateo, CA.
5. Initial Capital. The initial capital shall be the sum of Fifteen Thousand Dollars (\$15,000), contributed in the same percentages as the partners shall share in partnership profits and losses as set forth in the eighth provision hereof. The initial capital shall be deposited in Western Savings and Loan, Sun City West, Arizona.
6. Capital Withdrawals. No Partner shall withdraw any portion of the capital without the other Partners' express written consent.
7. Bank Accounts. All income earned shall be deposited in accounts in the name of the Joint Venture at such bank or banks, selected by a majority vote of all concerned, located in the county of the State where earned.

8. Profits and Losses. The Partners shall share in profits and shall bear losses equally. 3

9. Books of Account. Joint Venture books of account shall be accurately kept and shall include records of all income, expenses, assets and liabilities. The books of account shall be maintained on the cash basis. Each Person shall have the right to inspect the Joint Venture books at any time.

10. Calendar Year. The Joint Venture year shall end on December 31st of each year.

11. Accountings. Complete accountings of the affairs at the close of business on the last days of each month of each year shall be rendered within Fifteen days after the close of each such month. At the time of each accounting, the net profits of the Joint Venture may be distributed as provided in this Agreement. Except as to errors brought to the attention within ten days after it is rendered, each accounting shall be final and conclusive.

12. Management and Authority. Each Party shall have an equal right in the management of the Joint Venture. Each shall have authority to bind the Joint Venture in making contracts and incurring obligations in the Joint Venture name or on its credit. No Party, however, shall incur obligations in the Joint Venture name or on its credit exceeding Two Thousand Five Hundred Dollars (\$2,500.00) without the other Parties' express written consent. Any obligation incurred in violation of this provision shall be charged to and collected from the Party who incurred the obligation. In the event there is a disagreement, such agreement shall be presented to arbitration as provided for in the fifteenth provision hereof. 2

13. Salaries. No Party shall be entitled to a salary initially. This provision will be reviewed at the end of three months and may be amended by consent of all of the individual. Each person shall be entitled to reimbursement for necessary expenses incurred for business.
14. Net Profits Defined. The term "net profits," as used in this Agreement, shall mean the net profits as determined by generally accepted accounting principles for each accounting period specified in this Agreement.
15. Arbitration of Disputes. Any controversy or claim arising under this Agreement shall be submitted for arbitration under the following rules:
- (1) Unless all Parties can agree on the selection of one Arbitrator, JUDITH J. EDWARDS and RICHARD G. LEE shall together be entitled to select one Arbitrator. The two Arbitrators selected shall choose one additional Arbitrator and these shall make up the Arbitration Panel.
 - (2) The Parties shall agree on and stipulate to a settlement of facts and issues presented which shall be submitted to the Arbitrator or the Arbitration Panel.
 - (3) If desired, each Person may submit a written statement of position to the Arbitrator or the Arbitration Panel. If a Person chooses to submit a statement of position, copies of that statement must be served to all other Parties, who shall have the right to submit written rebuttals within ten days from receipt. Copies of such rebuttals shall be served to all Parties.
 - (4) The Arbitrator or the Arbitration Panel may request oral argument at which all Persons, or their duly authorized representative or representatives have the right to be present.
 - (5) If the Arbitrator or the Arbitration Panel desires, he or it may

submit written questions to the Parties. The Parties shall respond to such questions in writing. If a question is addressed to an individual, copies of the question and the answer thereto shall be served on the other Parties.

- (6) Fees and expenses of the Arbitrator or the Arbitration Panel shall be paid by the Partnership as a business expense.
- (7) The decision of and any award from the Arbitrator or the Arbitration Panel shall not be binding on the Partners and shall in no way prejudice any rights they may have to pursue all available legal and equitable remedies, except that the Partners may agree beforehand that the decisions or awards from the Arbitration Panel, or the Arbitrator if there is only one, shall be final.

16. Withdrawal. Upon thirty (30) days written notice of intent to the other Party, any Party may withdraw from the Joint Venture at the end of any accounting period specified in this Agreement.

17. Dissolution. On dissolution the affairs shall be wound up, the assets liquidated, its debts paid, and the surplus divided according to their then net worths in the business.

18. Notices. All notices between the Parties shall be in writing and shall be deemed served when personally delivered, or when deposited in the United States mail certified, first-class postage prepaid, or to such other place as may be specified in a notice given pursuant to this Paragraph as the address for service of notice.

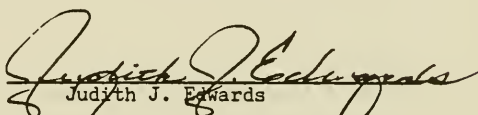
19. Consents and Agreements. All consents and agreements provided for or permitted by this Agreement shall be in writing. Signed copies of all

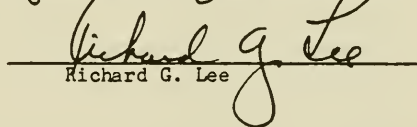
consents and agreements pertaining to the Joint Venture shall be kept with the Joint Venture books.

20. Goodwill. On all accountings provided for in this Agreement, the goodwill of the business shall be valued at one dollar (\$1) and no more.

21. Sole Agreement. This instrument contains the sole agreement relating to the Joint Venture. It correctly sets out the rights and obligations. Any prior agreements, promises, negotiations, or representations not expressly set forth in this instrument have no force or effect.

This Agreement is executed on this 1st day of August, 1985 in San Mateo County, California.


Judith J. Edwards


Richard G. Lee

4. If a Corporation, answer the following:

A. When incorporated _____

B. In what state _____

C. Authorized to do business in California _____

If so, as of what date _____

D. Name, address, experience in the business and amount of stock held by the following officers:

President _____

Vice President _____

Secretary _____

Treasurer _____

Other _____

E. Name, address and shares of stock held by each Member of the Board of Directors:

Chairman _____

Member _____

Member _____

Member _____

Member _____

Member _____

Member _____

F. Name, address and shares of stock held by other principal Stockholders:
(A Principal Stockholder is defined as a stockholder who holds 10% or more of the outstanding stock of the corporation.)

Total capitalization \$ _____,

Amount of capital stock subscribed \$ _____

Amount paid in \$ _____.

5. What is the duration and extent of your experience as the owner or manager of a business? Include detail as to gross receipts for each of the last three(3) years. 4b

(Attach Answer)

6. Submit a list of persons, firms and/or governmental bodies with whom you have arrangements or agreements for the operation of a business.

(Attach Answer)

7. Submit a list of locations at which you operate or have operated a business. Include all operations of same at airports.

(Attach Answer)

8. References: Give names and addresses of at least three non-affiliated references: (Reference letters from responsible persons may be submitted.)

(Attach Answer)

9. State number of persons employed by you who are engaged in your business.

(Attach Answer)

10. If you are claiming eligibility for a bidder's preference as an MBE/WBE/LBE owned business, attach an exact copy of your contract of formation for the City's review and approval, showing the percentage of ownership of the minority, women and/or local participants.

11. Attach personal financial statement. If bidder is an individual, attach personal financial statement (net worth); if bidder is a company, attach company financial statement. List any and all businesses which involve sales in which you have a financial interest; the nature of your interest (sole owner, general partner, limited partner, corporate shareholder, etc.); your share of each business in percentages; and the gross sales of each business for each of the past three (3) years. Shares of corporations in which the bidders holdings represent less than 1% of outstanding shares and in which the bidder has no management interest need not be declared here.

FAILURE TO MAKE FULL DISCLOSURE AS REQUIRED ABOVE MAY RESULT IN DISQUALIFICATION OF BID OR, IF DISCOVERED AFTER AWARD, IN TERMINATION OF LEASE.

12. The undersigned hereby vouch for the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary statements hereto attached. (Individual, co-partner, joint venturer, authorized officer of a corporation)

SIGNEE:

<u>Richard G. Lee</u>	Title	<u>General Manager</u>
<u>Justine J. Edwards</u>	Title	<u>Gen. Partner</u>
_____	Title	_____
_____	Title	_____

Dated August 20, 1985

Question #5:

Operation at terminal 2 Phoenix Airport awarded a three year lease, Two years of the lease have been completed

Several locations in the Phoenix area such as car washes, shopping centers, and office buildings for five years.

Month to month lease of the South Terminal at the San Francisco International Airport. Lease has been effective since September, 1984.

Five year lease of the International Terminal at the San Francisco International Airport. This lease has been in operation since September, 1984.

Operation at the Baton Rouge Airport under a three year lease which took effect July, 1985.

Question #6:

Sky Harbor International Airport
San Francisco International Airport
Baton Rouge Airport

Question #7:

Sky Harbor International Airport
Resort Hotels
Commercial Office Buildings
Car Washes
San Francisco International Airport
Baton Rouge Airport

Question #8:

Wilbert Din
1376 Vallejo St.
San Francisco, CA 94109
(415) 441-2630

Harold A. Schlottzhauer
Airports Property Officer
Sky Harbor International Airport
Phoenix, AZ 85034
(602) 273-3300

Robert E. Emmons
15421 E. Batavia Dr.
Aurora, CO 80011
(303) 343-8455

Question #9:

We have a total of 22 persons employed as subcontractors in our various shoeshine operations.

42

RICHARD G. LEE
PERSONAL FINANCIAL STATEMENT
AUGUST 1, 1985

Assets

Cash	\$ 3,266
Securities	3,625
Life Insurance (Cash Value)	6,000
Real Estate	160,000
Automobiles	6,500
Assets Of Secretarial Services	45,000
Other Personal Assets	<u>60,000</u>
Total Assets	\$ <u>284,391</u> <u>=====</u>

Liabilites

Real Estate Mortgage	\$ 97,000
Other Loans	<u>75,000</u>
Total Liabilites	\$ 172,000

Net Worth	\$ <u>112,391</u>
-----------	-------------------

Total Liabilities & Net Worth	\$ <u>284,391</u> <u>=====</u>
-------------------------------	-----------------------------------

IV-DHRC FORM 5Qualification for bid or Rating Preference

Minority Business Enterprise, Women Business Enterprise, and
Local Business Enterprise (MBE/WBE/LBE)

Human Rights Commission
Airports Commission
P.O. Box 8097
San Francisco, California 94128
Attention: Julie Yim
(415) 876-2457

This form must be submitted with the bid or proposal for a business to qualify for bid or rating preference as an MBE, WBE, LBE. Exceptions to this form must be approved by the Director of the Human Rights Commission.

Business Name Leather Care - SFO Phone 574-0202
Address 2121 S. El Camino Real Ste 515; San Mateo, CA 94403
Principal Service or Product Shoeshine Concession
If already certified by the HRC, please state certification number _____
If your company has not received a certification number but has applied for one, please indicate here _____ and, if applicable, name the contract, awarding agency, and date of the last contract for which your company had been approved for MBE, WBE, or LBE status. _____

If your company has not applied for certification or is requesting reconsideration from a past denial of certification, please complete the remainder of this form.
Certification Requested: (circle type) MBE WBE LBE

Business Structure: (circle type) Sole proprietor Partnership Corporation
*If joint venture, managing partner should complete this form.

Ownership Information:

<u>Name of Owners</u>	<u>Percent Ownership</u>	<u>Ethnic Identity</u>	<u>Women</u>
Judith Edwards	51%		x
Richard G. Lee	49%	Asian	

Formal Certification will be required upon award of a contract by the City and County San Francisco. Falsification of this information by a business selected to perform a City and County contract may result in a determination that the bidder is nonresponsive and ineligible for future contract awards.

I swear under the penalty of perjury that the foregoing statements are true and correct

Richard G. Lee Title General Manager
Signature

Name Richard G. Lee Date August 20, 1985

Refer to definitions on the following page.
0237m

44

Bid for SOUTH TERMINAL SHOESHINE LEASE

Wednesday, August 21, 1985 no later than 10:00 a.m.

[illegible]

IV-E
ATTACHMENT A

AFFIRMATIVE ACTION QUESTIONNAIRE

BIDDERS - PLEASE NOTE: The responses to the following questions will have to be returned to HRC immediately after the bid opening. A representative of HRC will contact the apparent successful bidder after the bid opening at which time the apparent successful bidder will be expected to comply with the requirements herein and the requirements of the City's Administrative Code, Chapters 12B and 12C. Before the award of this bid can be made by the Airports Commission, the apparent successful bidder must be certified by HRC as in compliance with the requirements as stated herein.

QUESTIONNAIRE ON RECRUITMENT, HIRING AND TRAINING PRACTICES (please answer all questions, writing responses on a separate sheet of paper and on the attached Workforce Breakdown Schedule).

1. Name and address of Company.
2. Name, title and telephone number of Company officials at the establishment who are responsible for recruitment and hiring and who will provide information concerning this matter.
3. Name, title and telephone number of senior managing official at the establishment, if he/she is not the person in #2.
4. Describe briefly the basic business activity at the establishment (i.e., identify the product supplied or the service performed).
5. Describe briefly how employees at various levels are hired.
6. Describe in full affirmative programs in past two years which serve to increase the number of under-represented minorities. Attach any written programs. 4c
7. Is this firm a minority business enterprise? Yes x No
Is this firm a woman-owned business enterprise? Yes x No

Minority is defined as: Black, Hispanic, Asian (Chinese, Japanese, Pacific Islander), Filipino, and American Indian or Alaskan Native. A minority business enterprise (MBE) is a business, whether it is a company or a corporation, of which at least 51 percent of the interest is owned and controlled by one or more minority group members. A woman business enterprise (WBE) is a business, whether it is a company or corporation, of which at least 51 percent of the interest is owned and controlled by one or more women.

Questionnaire on Recruitment, Hiring and Training Practices

1. Leather Care - SFO
2121 S. El Camino Real Ste 515
San Mateo, CA 94403
2. Richard G. Lee
Managing Partner
(415) 574-0202
3. See #2
4. Provide shoeshine services at the San Francisco International Airport
(South Terminal Building)
5. Employees are recruited from the general population.

ATTACHMENT B

Leather Care - SFO
NAME OF COMPANY

August 19, 1985

Month/ Day/ Year

Mal

Female

Amer. Indian/
Alaskan Native

Asian/Pac.
Islander

Filipino

Black

Hispanic

Total Minority
Male

White

Total this
Section

Amer. Indian/
Alaskan Native

Asian/Pac.
Islander

Filipino

Black

Hispanic

Total Minority
Female

White

Total this
Section

[illegible]

WILLIAM J. O. HOLMES
PETER K. OWENS
OF COUNSEL
FELIX LAURICELLA

LAW OFFICES OF
WILLIAM J. O. HOLMES
A PROFESSIONAL CORPORATION
155 BOVET ROAD - SUITE 400
SAN MATEO, CALIFORNIA 94402
(415) 572-1818

September 12, 1985

HAND DELIVERED

Mr. Louis A. Turpen
Director of Airports
San Francisco International Airport
San Francisco, California 94128

Re: South Terminal Shoe Shine Service Bid

Dear Mr. Turpen:

I represent Judith Edwards and Richard G. Lee of Leather Care-SFO who were the successful bidders for the South Terminal Shoe Shine Service Bid. I am writing this letter on their behalf and in response to the letter of protest written by Walter H. Caplan dated August 23, 1985 on behalf of A Step Up, who was the protesting bidder.

In response to the protest filed by A Step Up, I will respond to the points of objection raised by the protesting party:

1. Cashier's Check Submitted as Bid Bond

It is correct that a cashier's check was submitted by Leather Care-SFO, however, they did attempt to obtain a certified check from their bank, the Bank of America. The Bank of America informed them that they no longer issued certified checks but rather cashier's checks. A cashier's check is as good as a certified check and this ground for appeal should be rejected.

2. Inconsistent Bidder Names Submitted

The name of the bidder is Leather Care-SFO, that is a fictitious business name of the Partnership of Leather Care-California. The Fictitious Business Name Statement was filed with the County Clerk of San Mateo County, California. Accordingly, it is my contention that the bid was properly filed in the fictitious business name of Leather Care-SFO.

3. Apparent Fraud in Partnership Interests

There was no intent to commit any fraud. The human rights commission Form 3 did list the ownership shares as belonging to Judith Edwards-51% and Richard G. Lee-49%. The Joint Venture Agreement refers to profits and losses being borne equally. The Joint Venture Agreement was prepared by Mr. Lee and executed by the parties with the understanding that Mrs. Edwards did, in fact, own 51% and Richard Lee 49%, despite the fact that the Joint Venture Agreement appears to conflict. The ownership interest in

the Joint Venture has always been understood by Judith Edwards and Mr. Lee to be owned 51% by Mrs. Edwards and 49% by Mr. Lee.

Leather Care-SFO did seek an affirmative action bidder preference bonus for a woman owned entity based upon the parties agreement that Mrs. Edwards owned 51% of the profits of the Joint Venture. The bidders' preference bonus was not circled by mistake when the application was submitted. It should also be pointed out that in addition to the woman owned preference, Mr. Lee, the other joint venturer, is Chinese and would be entitled to a bidders' preference bonus.

4. Incomplete Bid Submittal

a. No financial statements were submitted for the majority Partner, Judith Edwards, due to the fact that Mrs. Edwards has previously filed financial statements with the Airport Commission because she is operating similar business entities in the International and South Terminal.

b. No gross sales submitted for the bidding entity for the past three years. This particular business entity, Leather Care-California, dba Leather Care-SFO, is a new business entity with no previous sales. However, in response to Question No. 5 relating to experience, these applicants did submit prior business experience of Mrs. Edwards, the principal Partner, at the Phoenix Airport, the South Terminal at San Francisco International Airport, the International Terminal at San Francisco International Airport and at the Baton Rouge, Louisiana Airport.

c. Question 6 of the Affirmative Action Questionnaire was not answered due to the fact that Leather Care-SFO is a new business entity and has not hired any employees other than the two principals. However, Mrs. Edwards, the majority owner of the applicant has previously filed Affirmative Action Questionnaires with the Airport Commission relating to the successful bid for the International Terminal and the month-to-month Lease for the existing shoe shine facility at the South Terminal at San Francisco International Airport.

d. There are, in fact, 22 persons employed as subcontractors by Mrs. Edwards, the majority Partner. When completing Attachment B of the HRC Workforce Breakdown, Mr. Lee understood that only he and Mrs. Edwards would have to be listed. The other 22 subcontractors were not broken down on Attachment B by mistake and a completed Workforce Breakdown of those other 22 subcontractors/employees will be submitted to the Human Rights Commission at the hearing on September 17, 1985.

e. The application did, in fact, fail to show whether the Joint Venture Agreement was recorded. However, it will be recorded in San Francisco County prior to the hearing on the 17th. The reason it was not recorded prior to this time is due to a breakdown in communication between the Partners as to who would be responsible for recording same.

Mr. Louis A. Turpen
September 12, 1985
Page 3

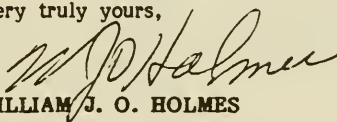
f. The HRC Form 5 - Certification Requested. ~~Again, there was a mistake in the failure to circle the request for~~ Minority Business Enterprise and/or the Woman's business Enterprise by Mr. Lee. However, it is clear from the application, itself, that Judith Edwards is a woman and Richard G. Lee is an Asian and it is clear that this form was submitted in order to request a certification.

In light of the above response, we respectfully request that the protest of "A Step Up" be rejected and that Leather Care-SFO be confirmed as the South Terminal Shoe Shine tenant.

If you have any questions, please feel free to contact me.

Thank you.

Very truly yours,



WILLIAM J. O. HOLMES

WJOH:jeh

cc: Mr. Edward J. Lanzilla
Mr. Morris Bernstein
Mr. William K. Coblentz
Dr. Z. L. Goosby
Mr. J. Edward Fleishell
Ms. Athena Tsougarakis
Mr. Richard G. Lee

M E M O R A N D U M

From the Office of the
HUMAN RIGHTS COMMISSION

1095 Market Street - #501
San Francisco 94103
558-4901

To: Ms. Angela Gittens
Deputy Director of Airports
Business and Finance

Date: September 11, 1985

From: Grant S. Mickins *GSM*
Executive Director
Human Rights Commission

Subject: South Terminal Shoe Shine Concession Bid Protest

We are submitting herewith our response to the bid protest letter from Mr. Walter Caplan on behalf of A Step Up. We are, of course, responding only to those allegations of noncompliance with the HRC's requirements by Leather Care.

1. (Point 3 - Apparent Fraud in Partnership Interests.)

Since the percentages of ownership are clearly defined in the agreement as 51% by Judith Edwards and 49% Richard G. Lee, equally refers to each percentage owned proportionally. Leather Care is qualified to received a 5% bid preference credit. We find no evidence of any material misrepresentation in this aspect of its bid.

2. (Point 4.c - Question 6 to the HRC Affirmative Action Questionnaire was not answered.)

Our record shows Leather Care SED has an approved affirmative action agreement with the HRC since 1984. The fact that this question was not answered should not be construed as an incomplete bid submittal.

3. (Point 4.d - Difference in the number of persons employed reported in the Questionnaire and the HRC Attachment B form.)

We believe this is attributed to a typographical error. Again, it should not be considered as a deliberate misrepresentation in the bid submittal.

4. (Point 4.f - Why was Leather Care extended the 5% bid preference?)

While Leather Care did not indicate MBE/WBE preference in the HRC Form 5, it did answer question 7 as an MBE and a WBE in Form IV-E, Attachment A. Furthermore, this firm has been certified by the HRC as a WBE; therefore, it is entitled to a 5% bid preference credit.

Based on the foregoing, we find no good cause to disqualify Leather Care's bid as not in compliance with the HRC's affirmative action requirements.

GSM:SKL:ltm

cc: Mr. Louis A Turpen, Director of Airports
Mr. Don Garibaldi, Office of the City Attorney-Airports
✓ Mr. Ed Lanzilla, Airports' Property Mgmt.

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

OCTOBER 1, 1985

DOCUMENTS DEPT.

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J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport
San Francisco, California 94128

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of the Minutes
Airports Commission

October 1, 1985

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Minutes
of the
Airports Commission Meeting

October 1, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:	Morris Bernstein
	William K. Coblentz
	Z. L. Goosby
	Athena Tsougarakis

Absent	J. Edward Fleishell
--------	---------------------

* * *

C. ADOPTION OF MINUTES:

The Minutes of the regular meeting of August 6, 1985 were adopted by order of the Commission President.

No. 85-0317

* * *

D. DIRECTOR'S REPORTS:

1. Status Report on Valet Parking

Report on Valet Operations and results of survey questionnaire to users.

Ms. Angela Gittens, Acting Director of Airports, told the Commission that the survey indicated that valet parking patrons would prefer to pay a higher rate rather than have the van service eliminated. She

said the report shows that the valet service is making money so an increase in the fee would not be necessary at this time. She recommended keeping the service and reporting back to the Commission in six months.

Commissioner Goosby reminded the Commission that back in April of this year the Commission discussed with staff the possibility of reducing the rates in the hopes that valet parking patronage would increase. He concluded that since the service is making money a reduction would not make sense.

2. Report on Proposed Passenger Service Concessions:

Pharmacy
Dental Clinic
Watch Repair

Ms. Gittens told the Commission that at this point staff has not found any positive experiences for these three services at other airports. She said that staff proposed to do a survey targeting employees to determine if these services would be feasible.

Commissioner Tsougarakis agreed that nothing else can be done at this point.

Ms. Gittens added that two of the airports had a dental clinic. The Minneapolis Airport medical clinic included a dental clinic; Logan Airport's dental clinic was free-standing. She said that both the dentist and the Logan Airport administrative staff felt that the clinic was somewhat successful but required a long-term lease and more space in order to generate enough revenue to keep it going. She explained that the clinic currently has 360 square feet which only allows for two chairs. She said that the dentist contends that 1,000 square feet is needed so that additional chairs could be installed. Ms. Gittens said that the revenue to Logan Airport was \$35 per square foot.

Commissioner Bernstein said he was not sure he agreed. He said that 15 percent of the departments in a department store do 85 percent of the business. He said that even though it would be a lot more economical and profitable if the remaining 85 percent of those departments were discontinued customer service should be considered and a well-rounded operation should be maintained.

Ms. Gittens said that in talking with SFO's medical clinic administration, staff discovered that they had tried a related pharmacy with their outside clinic, handling street trade as well as referrals from the clinic, but it did not do well. Ms. Gittens said that although she agreed it would be a service, staff has not been able to find a successful operation at other airports.

Commissioner Bernstein said that he was talking philosophy and service to the public whereas staff was concerned about where the Airport could make the most money.

Commissioner Tsougarakis felt that staff was taking the appropriate action by conducting a passenger/staff survey to determine the receptiveness of the idea.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

The following item, introduced by Commissioner Goosby, was unanimously adopted.

Commissioner Goosby introduced a resolution approving the Director's attendance at the Canadian Air Transportation Administration - Pacific Region Manager's meeting on October 9, 1985 in British Columbia.

No. 85-0303

Commissioner Bernstein asked staff to explain a comment made in a new Airport brochure instructing deaf individuals to go to white courtesy phones for instructions on which phones they can access the TDD system.

Ms. Gittens suggested that the statement in the pamphlet meant that the instructions for accessing the TTY were on a card on the white courtesy phones.

Ms. Gittens said that staff will prepare a report on how this system works.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted.

3. Authorization to Receive Bids:
South Terminal Shoe Shine Lease

No. 85-0304

Ms. Gittens said that at the last Commission meeting a suggestion was made to require that staff be employees and not independent contractors. She said that all bidders and current operators were contacted and staff found that they all operate with independent contractors. Ms. Gittens recommended not making that amendment to the specifications.

Commissioner Tsougarakis was excused from voting on the following item by the unanimous consent of the Commission. The item was unanimously adopted.

4. Resolution Authorizing a Pre-Bid Conference for Financial Services Lease

No. 85-0305

The following items were unanimously adopted.

5. Intercompany Assignment of Duty Free Shop Leases to Duty Free Shoppers LAX, Inc.

No. 85-0306

Resolution consenting to intercompany assignment of all leases, subleases, and permits from Duty Free Shoppers N.V. to Duty Free Shoppers LAX, Inc.

6. Annual Service Payment Supplemental Appropriation

No. 85-0307 Resolution authorizing the Director to request a supplemental appropriation of \$822,588.00 to increase the Airport's annual service payment for FY 84/85 to a total of \$7,422,588.00.

7. \$19,643,813 Supplemental Appropriation to Fund Approved Capital Projects

No. 85-0308

8. Award of Contract 1410-G:
Passenger Pick-Up Area West Entrance Building - \$49,810

No. 85-0309 Resolution awarding Contract 1410-G Passenger Pick-Up Area, West Entrance Building to Hodgson Construction, Inc. in the amount of \$49,810.00.

9. Request for Consent to Sale of Stock of Elson's of California, Inc. to W. H. Smith & Son

No. 85-0310

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

10. Retirement Resolution for Hasan Gumrucku

No. 85-0311 Hasan Gumrucku has served the City and County of San Francisco for twenty-three years with the last eleven on the Airport staff as Construction Inspector.

11. Declaration of Emergency:
Removal of Basbestos - Western Airlines Rotunda

No. 85-0312 Declaration of emergency to remove asbestos on pipes, ducts, and metal decking in the attic space of the Western Airlines Rotunda. Work is to be done immediately to provide a safe work area for contractors renovating the building. \$65,000.00.

12. Award of Contract No. 1629:
Replacement of Safety Railings at Water Pollution Control Plant

No. 85-0313 Resolution awarding Contract No. 1629
to Siedl Steel Fabricator in the
amount of \$54,975.00.

Two bids were received on September 5,
1985, ranging from \$54,975.00 to
\$58,650.00.

13. Tenant Improvement:
Pacific Southwest Airlines
Boarding Area A Hydrant Fuel System Modifications
T-3041 - \$450,000.00

No. 85-0314 Resolution approving the plans and
specifications and authorizing
construction. No cost to the Airport.

14. Tenant Improvement:
Hertz, Avis, Budget, National and Dollar
South Terminal, Leasehold Improvements - T-3044

No. 85-0315 Construction of rental car companies'
ticket counters and the installation
of equipment, \$80,000. No cost to
Airport.

* * *

H. PUBLIC HEARING:

The Public Hearing on the following item began at 9:14 a.m. and ended at
9:25 a.m. There was no public testimony for this item.

15. Resolution Recommending an Increase in Rental Rates for Permitted
Cargo Space

Hearing to recommend an increase in
rental rates for cargo handling space
rented to airlines under permits.

Ms. Gittens explained that the last increase was in March, 1984. The
rates are being realigned as staff is trying to return to leasing
cargo space rather than continue with permits.

Commissioner Goosby said it was his understanding that Western
Airlines wants to give up a hangar and asked what that space would be
used for.

Ms. Gittens responded that staff is anticipating cargo useage for
that space. She said there are several interested parties and a
proposal will be presented to the Commission within the next month.

Ms. Gittens said that the entire Airport community will be notified
that a certain amount of cargo space is available and that they can
use any qualified handler. She explained that there has been an

allegation that one of the current handlers has been indicating that they are the Airport's handler. She disclaimed that notion.

Commissioner Bernstein said it was his understanding that the Bufano sculptures have been removed.

Ms. Gittens responded that that was her understanding as well.

Commissioner Bernstein felt that the sculptures were a fine addition to the appearance of the Airport.

Ms. Gittens added that they were a favorite among staff.

Commissioner Goosby, referring back to the rate increase, felt that it was a fair increase.

Commissioner Goosby said that he understood there was a real need for cargo space and facilities for cargo handlers in order to service the airlines properly.

Commissioner Bernstein asked if that space could be used for additional airline gates.

Ms. Gittens did not feel that this area would be appropriate for passenger services. She said that John Costas of the Bureau of Planning and Construction was present to answer further questions.

Mr. Costas explained that in order to convert the cargo area over for passenger use we would have to set up a parking area, renovate the building to accommodate hold rooms for passengers and attach loading bridges. He said that although it could be done it would take a substantial amount of time and money.

Commissioner Coblentz asked why we would need an extra passenger area.

Commissioner Bernstein responded that there are several airlines that want to operate out of SFO and cannot find the space.

Commissioner Coblentz felt that every effort should be made to locate space for those airlines elsewhere on the Airport before millions of dollars are spent. He said that there are some gates that are not being used.

Mr. Costas added that utilization of many of the gates in the terminal complex are still low for some airlines like TWA and Western. He said that the Airport is implementing a policy to force TWA, Western and other airlines to accommodate the new entrants. He said that World Airways should be accommodated within the next week or two; Peoples Express is still being worked on.

Ms. Gittens said that Peoples Express has been shown some space and informed staff that they would get back to them.

Commissioner Coblentz felt that placing airlines outside of the terminal complex area would be like making them second class citizens. He added that other facilities would have to be provided so the Airport would not only be faced with the capital improvements but the facilities management that goes with it. He felt that unless there was a real growing need and could be capitalized by those tenants he would be very much opposed to it.

Mr. Costas agreed with Commissioner Coblentz that there would not be enough support facilities in the area of the Western cargo facility to make it work, i.e. transportation to and from interline carriers, etc. He said it would be a monumental undertaking.

Commissioner Coblentz said that LaGuardia Airport had this sort of a situation for a while but it was solely for the Eastern shuttle.

Commissioner Bernstein said that he understood that while adjustments, repairs, alterations and growth costs money, tenants will be paying rent and the public will be accommodated.

Commissioner Coblentz felt that the unanimous opinion of the Commission has always been that any airline wanting access to SFO should have it, and, that all facilities should be utilized so that no airline would feel like a second class citizen.

Mr. Costas said that that policy is being carried out as well as possible by staff.

Ms. Gittens told the Commission that the Airport has had about six new passenger entrants in the last year and a half.

Commissioner Goosby added that a substantial amount of money can be made from cargo space and handling.

* * *

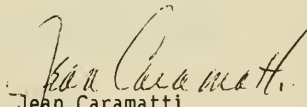
I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:25 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

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Director of Airports

San Francisco International Airport
San Francisco, California 94128

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Airports Commission

October 15, 1985

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Minutes
of the
Airports Commission Meeting
October 15, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:	Morris Bernstein William K. Coblentz J. Edward Fleishell Athena Tsougarakis
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Absent:	Z. L. Goosby
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* * *

C. ADOPTION OF MINUTES:

The Minutes of the following regular meetings were adopted by order of the Commission President.

No. 85-0318	September 17, 1985
No. 85-0319	October 1, 1985

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 85-0316 regarding the settlement of small claims noise litigation at the closed session of October 1, 1985.

* * *

E. DIRECTOR'S REPORTS:

1. Report on SFO Shuttle Bus Operations, Fiscal Year 1984-1985.

Mr. Lou Turpen, Airport Director, told the Commission that this was the annual report on the SFO Shuttle Bus operation and was self-explanatory.

2. Status Report on the San Francisco Garter Snake Study

Quarterly report on the San Francisco Garter Snake Study in Airport's West of Bayshore property.

Mr. Turpen said that the objective of the study is to determine mitigation measures.

Commissioner Tsougarakis asked what the significance was of recaptured snakes.

Mr. Turpen responded that it was his understanding that the recapture rate has to do with establishing the population.

Mr. Turpen reminded the Commission that they authorized an extension which ends December 31, 1985. He said that at that time the study will be concluded and the City will then be in a position to discuss mitigation measures. He reminded the Commission that this environmental study was necessary before anything could be done with the West of Bayshore property. He explained that time has been saved by accelerating the study and making it coincident with the development of the interchange. He added that the snake study would hopefully be concluded by the end of this year, and the Commission will be provided with a detailed analysis of the findings at that time.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted as amended.

3. Authorization to Receive Bids for South Terminal Cigarette Vending Lease

No. 85-0320

Mr. Turpen explained that now that a portion of the South Terminal has been completed this concession is being bid. He said that the only concern raised by potential bidders who attended the pre-bid conference was that it would be difficult to coordinate the collection of money with Airport staff. He explained that the specifications state that a member of Airport staff must be present when money is collected.

Mr. Henry Ford, Henry Ford Enterprises, Inc., said that his machines were set on a computer system and a service cycle. He said that when money is removed from the machine it will be taken to an Airport office and counted, then handed over to the concession employee who will transport it to the concessionaire's office and counted again. He said that he was not opposing the system but argued that it was time consuming. He suggested that there might be another way to track the total sales against the total dollars collected.

Mr. Ford also felt that the proposed rental of 10 percent or \$10,000, whichever is greater, was too high. He said that last year he only collected \$17,000; the rental fee was \$1,700 (10 percent). He said that the concession in the North Terminal collected \$15,000 last year and paid \$5,000 in rental fees. He felt that trying to meet a \$10,000 rental on \$17,000 would be difficult but felt that 10 percent or a slightly higher percentage could be met. He also argued that all the machines would not be in place until the South Terminal is completed in three years.

Mr. Ford asked the Commission to reconsider the 10 percent and reduce the \$10,000 rental fee.

Ms. Angela Gittens, Deputy Director for Business and Finance, in response to Mr. Ford's comments on the collection procedure, said that the procedure was amended to include the requirement that the concessionaire submit an advance collection schedule. She said that staff will determine at which collections an Airport representative will be present. She said staff would like to establish a revenue pattern for the first month and thereafter accompany the collections on a periodic basis. She agreed that accompanying the collection each time would be time consuming for the operator.

Regarding the issue of rent and the machines, Ms. Gittens responded that the South Terminal is projected to have twice as many passengers at the end of the program than it currently has. She explained that the rent will be prorated according to the number of machines in operation. Ms. Gittens did not think that this was clear in the previous version of the lease but felt that it has been clarified in this version.

Commissioner Fleishell asked what the point was in monitoring the collection on an occasional basis; staff will have no basis for comparison.

Ms. Gittens responded that staff will establish a pattern by accompanying each collection for a period of time. She explained that this was discussed with the City's internal audit staff and they recommended auditing the company's internal audit controls and a periodic observation of the cash count after a pattern has been established.

Commissioner Fleishell responded that the company's internal controls will not disclose theft.

Ms. Gittens clarified that staff would be looking for theft from the company by the driver. She said that staff presence at the cash collection would indicate theft by the company itself or conspiracy of theft between the company and the driver.

Commissioner Bernstein asked if it was true that the rentals in the North Terminal were as high as 60 percent.

Ms. Gittens responded that if you took a \$10,000 minimum payment against their total collections it would be higher than 10 percent. She explained that in the North Terminal the cigarette machines are part of the ABC vending lease and are subject to 25 percent rental.

Commissioner Bernstein asked how much business the concession will do in the South Terminal.

Ms. Gittens responded that although it is an estimate it is anticipated that the concession will bring in about \$50,000 once the terminal is complete.

Commissioner Bernstein said that when levels are set a conclusion is made as to how much a concession will do. He explained that if revenue is anticipated at \$50,000 and the profit margin is 40 percent, you cannot charge a 40 percent rental.

Ms. Gittens said that it was her understanding that Mr. Ford's concern was not with the percentage but with the minimum rent for the bid. She explained that Mr. Ford was arguing that there would not be enough gross receipts to justify a \$10,000 annual rental even after the terminal is complete.

Commissioner Bernstein asked Mr. Ford how much business he thought he would do.

Mr. Ford responded that since there are several other concessions selling cigarettes, some at a cheaper price, he thought the maximum amount was about \$20,000 to \$25,000.

Mr. Ford reminded the Commission that the South Terminal has not yet been completed and their vending machines have been moved from location to location in order to accommodate the renovation. He said that the renovation will be completed in three years so it will take that long to install the sixth or seventh vending machine. He added that he will have only five or six months of revenue on those particular machines.

Commissioner Bernstein asked what the gross mark-up was on cigarettes.

Mr. Ford responded that cigarettes are selling for 72¢ a pack; Airport concessionaires are allowed to sell them for \$1.50, for a mark-up of almost 70 percent. He said that his company sold cigarettes for \$1.25.

Commissioner Tsougarakis said it was her understanding that the rental was pro-rated on the basis of when machines are installed.

Mr. Ford clarified that it would be pro-rated on \$10,000 and not 10 percent. He said he hoped that sales in the South Terminal for the coming year would be about \$25,000, keeping in mind that the terminal is not complete.

Commissioner Tsougarakis asked how the current number of passengers in the South Terminal compared with the number of passengers in the North Terminal.

Ms. Gittens responded that about 3.7-million passengers currently use the South Terminal as opposed to about 12-million in the North Terminal. When the South Terminal is complete it will accommodate about 7.5-million passengers.

Commissioner Bernstein asked Mr. Ford what his revenue projections for the next year were for the South Terminal.

Mr. Ford responded that they were projecting around \$25,000 for next year at the current mark-up of 50-70 percent.

Commissioner Fleishell felt that the bid should go out with the requirement that staff be present when money is collected. That requirement can be waived in the future if staff feels it is appropriate to do so and, with the knowledge of the Commission.

Commissioner Fleishell said he would be inclined to have a high minimum if the cash count was not going to be carefully checked.

Mr. Ford said that his company has internal audits and a par level of cigarettes is maintained. He explained that if certain brands are not in the machines when checked it is possible that the drivers are buying the cigarettes to sell themselves. He told the Commission that the drivers simply transport the money; the cashiers count it. Mr. Ford said that if his company is awarded the lease they will set up a collection cycle and present it to the Airport. He said that he would also provide staff with a service cycle and explained that money is not collected from the machines every time they are serviced.

Commissioner Fleishell asked if other bidders raised the concern of \$10,000 being too high.

Ms. Gittens responded that no one else raised the concern. She added that she did not feel that anyone else had Mr. Ford's experience.

Commissioner Bernstein asked if there was any way to justify the figures and determine how much business is done per machine or per passenger.

Ms. Gittens said she would provide those figures.

Mr. Turpen explained that the minimum amount will be the bid item; bidders will not be bidding a percentage. He said that the \$10,000 figure could be lowered; the bidder could still bid the minimum or any amount over the minimum.

Commissioner Fleishell suggested lowering the amount to \$8,000.

Mr. Turpen said the Commission can either lower the amount to \$8,000 or ask staff to take a look at it and return to the Commission with a recommendation.

Ms. Gittens preferred to settle the question now so that staff can move ahead.

Commissioner Fleishell asked Ms. Gittens if she could live with the \$8,000 minimum.

Ms. Gittens responded that she could.

There were no objections by the Commission to the \$8,000 minimum. The specifications were amended to require staff to be present at the collection of the money and to waive that requirement at a later date with the knowledge of the Commission.

Commissioner Tsougarakis was excused from voting on item 4. This item was unanimously approved.

4. Modification #4 to the Bond Trustee Agreement

No. 85-0321

Resolution authorizing fee schedule changes to the Bond Trustee Agreement with the Bank of America.

Commissioner Coblentz asked how this fee schedule compared with other banks.

Ms. Gittens responded that the fee schedule was similar.

The following items were unanimously adopted.

5. Conceptual Approval for United Airlines' Proposal of Loading Bridge Modification at Gates 73 and 75, North Terminal

No. 85-0322

Resolution approving the concept of United Airlines' proposal of modifying the loading bridges at Gates 73 and 75, North Terminal.

Mr. Turpen explained that this item involves a modification to United Airlines' passenger loading bridges in the North Terminal. He said that a preliminary review indicates that this modification would allow United Airlines additional space to position aircraft. He recommended the Commission's approval of the concept. He said that if staff's subsequent review finds that this proposal does not limit itself to the ramp area the Commission will be advised.

6. Award of Contract 1009:
Demolition of Pier 3

No. 85-0323

Award of Contract 1009, Demolition of Pier e to Ferma Corporation in the total amount of \$439,000. Construction budget for this work is \$450,000.

Commissioner Tsougarakis asked for a clarification on why the Human Rights Commission would not certify the lowest bidder.

Mr. John Costas, Bureau of Planning and Construction, responded that the bidders were required to fill out the necessary HRC forms committing to goals established for the contract. He explained that Randazzo Enterprises filled out all the forms but on the one form for commitment Randazzo indicated they would have no commitment to minority goals or participation and signed the form.

(Discussion on this item was re-opened at the end of the Public Hearing and appears below.)

Mr. Philip Cogbill of Randazzo Enterprises apologized for being late and asked for the opportunity to address the Commission on Item 6.

Commissioner Coblentz told Mr. Cogbill that Item 6 had already been approved by the Commission and the contract was awarded to Ferma Corporation. He told Mr. Cogbill that he could petition for reconsideration.

Commissioner Coblentz said it was his understanding that Randazzo was disqualified by the Human Rights Commission because they would not commit to any of the MBE/WBE goals.

Mr. Cogbill responded that that was not completely accurate. He said that Randazzo agreed to comply with all the regulations as stipulated by HRC. They filled out the form and later met with HRC, indicating that they would meet all the requirements. Mr. Cogbill felt that the Human Rights Commission had made up their minds not to qualify Randazzo before the meeting. He appealed to the Commission to accept their bid.

Commissioner Coblentz interrupted Mr. Cogbill and told him that the Commission could not overturn a decision by the Human Rights Commission. He said that the City and County of San Francisco requires that attempts must be made to meet certain MBE/WBE goals. Commissioner Coblentz said that the Commission has been advised that Mr. Cogbill's company was unwilling to fill in that particular provision.

Mr. Cogbill said that that was not true. His company is willing to fill that section in and agreed to do so in writing. Mr. Cogbill said he presented the form to HRC representatives.

Mr. Clemente Obregon, Contract Compliance Officer for the Human Rights Commission, showed the Commission HRC form-3 that Randazzo filled out. He said that the section in question was filled in with the word "None."

The Commission looked at the form.

Mr. Cogbill said that the form asks that all subcontractors and suppliers that will be used for this job be listed. He explained that the subcontractors were listed on another sheet. He further explained that "None" referred to the fact that none of the subcontractors Randazzo intended to use were minority businesses. Mr. Cogbill felt that the term "subcontractor" was the source of the problem. He explained that his company understood the provision of the contract and intended to hire minority businesses by the hour rather than by subcontract in order to meet the HRC requirement. He said this was presented to the HRC and they did not accept it, explaining that it did not meet HRC requirements. Mr. Cogbill said it was always Randazzo's intention to fulfill the contract. He reminded the Commission that the next lower bid would cost the City an additional \$80,000.

Commissioner Bernstein clarified that the Commission did not want to spend more money than it had to, however, the Airport is bound by the laws of the City and must meet its MBE/WBE goals.

Mr. Cogbill argued that his company agreed to do that in signing affidavit no. 1. He said his company wants to cooperate with the City, is capable of doing the job, and is licensed by the State of California.

Commissioner Coblentz agreed that HRC form-3 should be clarified. He said that he, too, would be confused.

Mr. Costas remarked that there were four other bidders who were very clear on how to bid. They submitted bids with subcontractors who would do the work (not on a time and material basis) and would meet the goals of this bid. He explained that the other issue is that a bidder cannot qualify a bid after it is submitted. He said that the forms must be submitted and approved by HRC and doing anything to the bid after the fact would be qualifying.

Commissioner Coblentz said he understood Mr. Cogbill's position but the Commission must accept HRC's recommendation.

Commissioner Fleishell said that the fact that other bidders were able to understand the form is not important. He said that there are a certain number of wise bidders who frequently bid on City contracts and receive the majority of the work in the City and County of San Francisco, sometimes to the detriment of the City. He said that the object of the Commission is to award contracts to new bidders. He agreed that the HRC document was not clear and argued that if a bidder made a mistake he does not have the opportunity to correct it.

Mr. Obregon said he had no objection to clarifying the form so that in the future there will be no misunderstandings but argued that the form specifically states the bidder must list his minority subcontractors on HRC form-3. Once the documentation has been submitted no modifications can be made.

Mr. Turpen said that the Commission will retain their previous action and award the contract to the second low bidder.

7. Bid Call: Airport Contract No. 1677
Demolition of Interior Finishes,
4th Floor, International Terminal

No. 85-0324

Resolution approving the scope, budget and schedule for Contract No. 1677, and authorizing the Director of Airports to call for bids when ready.

Commissioner Tsougarakis asked what the space will be used for.

Mr. Turpen responded that one possibility would be a health club, or it could be used for airline space, if necessary.

Commissioner Tsougarakis asked if the electrical work that is already in place could not be saved in the event it is necessary in the future.

Mr. Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, responded that this area at one time housed the International Room. He said that there has since been renovation around the area, above it and below it. Most of the wires have already been cut, conduits have been broken, and mechanical systems could no longer be hooked to any other system.

Commissioner Bernstein asked Ms. Gittens if the health club would be along the same lines as the one in Los Angeles where a passenger could rent a room.

Ms. Gittens responded that that was not a health club but a hotel-by-the-hour facility where a passenger with a lay-over of several hours could rent a room on an hourly basis.

Mr. Turpen remarked that this concept was first presented to the Commission several months ago. This facility would offer exercise equipment and shower facilities.

Ms. Gittens added that it would be like the Dallas model.

Mr. Turpen said that the space could go for airline use, such as new carriers coming in wanting VIP space or commercial space.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

8. Proposed Exhibition Schedule for Calendar Year 1986

No. 85-0325

9. Tenant Improvement:
Japan Airlines, International Terminal -
Installation of Computerized Passenger Check-In System
- No. 85-0326 Resolution approving preliminary plans. T-3040 - \$65,000. No rental credit.
10. Award of Airport Contract No. 1610:
Painting of Metal Building Roofs, North Field
- No. 85-0327 Resolution awarding Contract 1610 to Western Roofing Service in the amount of \$37,966. Five bids were received on August 19, 1985 ranging from \$37,966 to \$56,210.
11. Airport Contract No. 1154:
Relocation of Field Lighting Controls to New Control Tower
Modification No. 1 (Type II)
- No. 85-0328 Resolution approving Modification No. 1, a Type II Modification, containing agreement for payment in the total amount of \$19,000; authorizing the Director of Airports to execute said agreement; approving the extension of time and assessment of liquidated damages in the total amount of \$1,000 for avoidable delays.

* * *

I. PUBLIC HEARING:

The Public Hearing was called to order at 9:30 AM and closed at 9:33 AM.

12. Hearing on the Proposed Revisions to the Public Parking Rate Increase Scheduled to Take Effect January 1, 1986

The Commission approved an earlier resolution to increase public parking rates effective January 1, 1986. Staff's proposal would limit this rate increase to (1) rates in the first two hours in the garage, and, (2) the 24-hour rate in Lot D.

Mr. Turpen told the Commission that in June of 1984 they approved rate increases effective August, 1984 and January 1, 1986. He said that staff recommends that the previously authorized rates be modified. Originally, staff anticipated charging up to \$15.00 for a 24-hour period in the garage; staff now indicates that it should be maintained at \$12.00. There will be an increase in the first and second hour rate; the first hour rate will be increased from 75¢ to \$1.00; the second hour will be increased from \$1.50 to \$2.00. The long term lot will increase from \$6.00 to \$7.00 instead of the \$7.50 that was previously authorized.

Mr. Turpen said that Lot D experienced 18 closures in the last year; the long term lot has also experienced closures. He suggested that the cost increase might encourage some individuals to take advantage of public transportation.

Commissioner Bernstein asked why the increase was necessary.

Mr. Turpen explained that in the Lease and Use Agreement with the airlines we established a series of cost centers. Those cost centers were to be self-sufficient. The ground-side cost center has experienced a deficit of about \$500,000 in the last 12-months. He said that this adjustment will cause the ground-side to break even, be self-sufficient and not require a subsidy from the air-side.

There being no public testimony the hearing was closed at 9:30 AM.

* * *

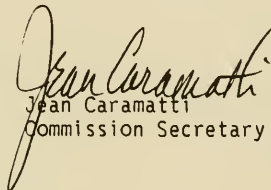
J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:45 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

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LOUIS A. TURPEN

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San Francisco, California 94128

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November 19, 1985

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15.	Award of Airport Contract No. 1573R - Concrete Divider Barrier for Cart Road, Boarding Area 'D'	85-0340	18
16.	Award of Airport Contract No. 1011A - Renconstruct Taxiway 'C' to Plot 50A, Phase I	85-0341	18

H.

CONSENT CALENDAR OF ROUTINE
ADMINISTRATIVE MATTERS:

17.	Type II Modifications for Three South Terminal Complex Construction Contracts	85-0342 85-0343 85-0344	18
18.	Tenant Improvement: Western Airlines Boarding Area 'B' - Leasehold Improve- ments - (T-3055)	85-0345	18
19.	Tenant Improvement: Eastern Airlines Cargo Plot 7S Loading Dock - T-30008	85-0346	19

20.	Tenant Improvement: Philippine Airlines Cargo Facility Modification - T-3052	85-0347	19
21.	Statistical Adjustment for 1985-86 Joint Use Billings under Lease and Use Agree- ment - World Airways	85-0348	19
22.	Statistical Adjustment for 1985-86 Joint Use Billings under Lease and Use Agree- ment - Westates Airlines	85-0349	19
23.	Personal Services Contract for a Three Projector 12 to 15 Minute Audio Visual Presentation	85-0350	19
I.	PUBLIC HEARING:		
24.	Approving proposal of SFAIC to Finance Improvements in the South Terminal for Air California, Inc. by Issuance of Bonds Not to Exceed \$10-Million	85-0351	26
25.	Approving Proposal of SFAIC to Finance Improvements for Flying Tiger Lines by Issuance of Bonds in an Amount Not to Exceed \$22-Million	85-0352	19-26
J.	CORRESPONDENCE:		26
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Minutes
of the
Airports Commission Meeting

November 19, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Morris Bernstein
Z. L. Goosby
J. Edward Fleishell
Athena Tsougarakis

William K. Coblentz arrived at 9:05 AM

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 15, 1985 were adopted by order of the Commission President.

No. 85-0330

* * *

D. ANNOUNCEMENT BY SECRTEARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced the unanimous adoption of resolution number 85-0329 regarding the settlement of a litigated claim at the closed session of October 15, 1985.

* * *

E. DIRECTOR'S REPORTS:

1. Report on Unregulated Smarte Carte Collectors

Mr. Lou Turpen, Airport Director, told the Commission that this is a follow-up report to the Airport's original plan to control some of

the undesirable activities surrounding the Smarte Carte operation at the Airport. He said that as the report indicates it appears that the enforcement program has had a beneficial effect. He said that it is staff's recommendation to continue with that present enforcement program.

Commissioner Tsougarakis wondered if the commencement of the new school year had anything to do with it.

Mr. Turpen responded that the school situation simply took enterprising youngsters out of the Airport and put them back in school. He felt that the more undesirable activities, such as harrassment, was going on inspite of the school situation.

Commissioner Coblentz arrived at the call of the following item.

2. Progress Report on the I-380 Highway Construction Program

Mr. Turpen explained that this is the quarterly report on the progress of the I-380 construction program which involves the direct connection to I-380 from the Airport as well as the San Bruno Avenue interchange at the north end of the Airport. He said that CalTrans is on schedule and the Airport expects these projects to be completed by the spring of 1987. He said that there has been minimal traffic obstruction at the Airport due to CalTran's cooperation in working with the Airport staff; they have done an excellent job of mitigating any traffic delays because of the construction. Mr. Turpen admitted that there have been some delays but none of any magnitude.

Commissioner Tsougarakis said that there was something in the report about a test.

Mr. Turpen responded that that was on the West side of the Bayshore Freeway coming down off of I-380. He said that they've placed topsoil on top of the existing soil to compact it so that it will sustain the vehicle load. When the the soil was tested they found that it was not compacted sufficiently so they had to bring in more soil.

Commissioner Tsougarakis asked Mr. Turpen if he heard what the result of the test was.

Mr. Turpen responded that he had not heard, but felt that ultimately it will be successful.

Commissioner Goosby asked about the 6 ft. high earth berm (wall) between Highway 101 and the West of Bayshore, south of the interchange. He asked how far south of the interchange does Airport property extend.

Mr. Turpen responded that it extends to Milbrae Avenue.

Mr. Turpen explained that the berm was a concession by CalTrans because of the additional noise generated behind Runway 1 in the Bayside Manor area of Millbrae...the area right behind the Airport. CalTrans agreed to construct a 6 foot berm, place an 8 foot fence on top of the berm and landscape it to hopefully mitigate against the backblast noise of departures on Runway 1.

3. United Airlines Proposed International Operations at SFO - Verbal Report

Mr. Turpen showed the Commission a map depicting the layout of the Airport terminal area. He said that it is anticipated that sometime in early January, 1986 United Airlines will receive final approval to acquire Pan Am's Pacific route system. He explained that that Pacific route system at San Francisco involves two flights: Pan Am 5 which goes non-stop to Hong Kong and Pan AM 11 which goes non-stop to Tokyo; connections are then made from Tokyo and Hong Kong to other Far East cities. Presently, those flights depart from Gates 58 and 59 in the International Terminal and are highlighted by a blue circle on the map. United proposes to arrive at the International Terminal to use the customs facilities. Once their passengers depart the aircraft it will be relocated to Gate 80 or 82 in the North Terminal.

Mr. Turpen said that the Commission's current policy is to have an International Terminal located in the center of the Airport for the obvious reason of passenger convenience. United's proposal would cause international departures to be scattered and skewed so that persons arriving on PSA, Western, TWA, who take Delta, Air California, and Northwest would be forced to walk over to the North Terminal, a distance considerably further than they presently have to walk. He said that United's concern, from their marketing perspective, is that their focus of operations is in the North Terminal and they would like to have their aircraft depart from there to minimize walking distances for their passengers coming into San Francisco from domestic cities and connecting to those international flights.

Mr. Turpen explained that there are a couple of things involved in this decision. United has asked for several things to accompany this relocation. First, they've asked that a Duty Free store of some 3,500 sq. ft. be conducted in this vicinity. United had initially specified the North Terminal reading room, where we currently have the tapestries, but have also indicated there are some other common areas that could be used. Mr. Turpen said that United would obviously want some Foreign Exchange facilities and would seek the Airport's approval to create a first class lounge within their own space in the North Terminal.

Mr. Turpen said that because Duty Free Shoppers has the in-bond exclusive concession at the Airport for duty free they would naturally be the concessionaire; this would not entail re-bidding the concession and could be given to Duty Free Shoppers as an additional location.

Mr. Turpen said that the Airport suggested to United that they operate out of the International Terminal as they had represented to the DOT in the joint application of Pan Am and United. The Airport then suggested that United might initially want to operate off their ticket counter which they propose using (Mr. Turpen pointed to the location on the map) and have their passengers come to the International Terminal. He explained that his concern is that until the magnitude of these on-line transfers with United is determined, it would be premature to spend almost \$500,000 in facilities improvements. He said that as recently as yesterday, United indicated they would not prefer to do that; that they would prefer to operate from the North Terminal facility.

Mr. Turpen said that there are a couple of interesting facts here. The distance from the ticket counter United proposes to use to the two Gates (Mr. Turpen pointed to the map) is about 1,100 feet, as opposed to the distance from the other two gates which is about 1,400 ft. The difference is about 300 ft. more for ticketed passengers going to the International Terminal as opposed to the North.

Mr. Turpen said that United has been told that in the long term it is in their best interest to operate from the International Terminal. They were told that when Delta and Air Cal move the Airport is willing to make that ticket counter available to United; staff feels it will be equi-distant...the Air Cal ticket counter is 1,376 feet from these two (international) gates and it's 1,361 feet from the United gate.

Mr. Turpen said that United's concern continues to be the on-line transfers. He explained that the difference between inter-line and on-line is that inter-line comes from one carrier to another carrier; on-line comes from one carrier to the same carrier, like United to United. United's marketing people are indicating that 50% of the passengers to the Far East will be on-line transfers...originating in United cities and coming to San Francisco. He said that current evidence doesn't support that contention. Mr. Turpen said he has recommended to United that at least, initially, they begin operating from the International Terminal which was constructed for that purpose and where support facilities exist. Mr. Turpen makes this recommendation for several reasons: the support facilities; and the gate availability in the International Terminal. He said that all of the systems are set up to support an international operation and at some point, depending on what happens, we can take a look at some potential relocation and support United's operation in the North Terminal at some future date. As recently as yesterday, United has remained firm in its desire and request of the Airports Commission that they be allowed to operate from the North Terminal.

Commissioner Coblentz asked if we have any control over that departure.

Mr. Turpen responded that we do not. United Airlines, because they have the North Terminal gates, is permitted to relocate their aircraft to their leased gate and depart from the North Terminal. The question is the impact of that decision on the Airport. He felt that United is sensitive to the potential impact and as such is attempting to solicit the Airports Commission's permission to operate in this fashion. He felt that United recognizes the deviation from the policy the Commission has set in terms of the International Terminal and the philosophy that the Commission has on how San Francisco International operates. Los Angeles, for example, has three customs arrivals areas...Western and Pan AM, which operate part-time, and the new Bradley Terminal. He said it is just a function of how an Airport operates.

Commissioner Coblentz said that he was interested in the Commission's jurisdiction. He said that United can make a unilateral decision to leave from the North Terminal but they must come into the International Terminal as that is where the customs is located.

Mr. Turpen responded that that was correct.

Commissioner Tsougarakis argued that it is desirable to have a Duty Free operation and that's something that has to be watched.

Commissioner Bernstein thought that Duty Free would be a secondary consideration; The important thing is the traveling public, and the airlines. He asked if United could switch locations with American.

Mr. Turpen responded that he talked to United about that but he has not been able to contact the right people at American...they've had changes in personnel.

Mr. Turpen felt it would place United in a more attractive position. He added that that was a long term solution...one that would not be in effect until early January. He added that in any event we could not effect a Duty-Free Shop in the North Terminal by early January ...it will take at least 90 days to install a Duty Free facility.

Mr. Turpen that the issue is really two flights a day and recent numbers that he has come up with indicate that we're talking about 10 passengers from United that go on to the Pan Am flight. Out of the 350 passengers to the Far East, ten come from United, yet United is citing 50% on-line transfers, which would be 150 to 175 passengers. He said that the reality is that only 10 people are doing it. The remainder come from Western, TWA, PSA, American, Delta. He felt that it was important to consider that, depending on the day, roughly 70 to 80% of the passengers coming to the Airport for Pan Am 5 and 11 originate in San Francisco. Only about 20 to 30% come in as transfers from other airlines. He suspected that for reasons of product loyalty some people would stay with the airline that brought them to San Francisco.

Mr. Turpen said that United admits that physically and operationally they could operate out of the International Terminal, although it would cost them a few dollars more. Right now they run six flights from Oakland and have 30 some people employed at Oakland. They run eight flights out of San Jose a day and have some 40 people at San Jose. They run 130 flights out of San Francisco. He said he was sure there are some economies there but for whatever reason United is determined that it is a prudent marketing decision to operate those two airports at those levels.

Commissioner Fleishell said that the Airport has put out leases to the Central Terminal based on the policy of the Commission that international flights would depart from the International Terminal. If you have a finite number of travellers going out on international airlines and you divide them into two geographic locations, you're requiring the concessionaire to plan his bidding process, his profits, and his expenses, to literally create a new business operation. Mr. Turpen felt that it was not quite fair because you're not increasing passenger volume. He said that no one's going to go to the Orient simply because United bought Pan Am's routes. He said that it seems to him that before the Commission considers changing its policy they have to think about the potential legal problems in entering into agreements based upon existing policy and then changing the policy after the fact.

Commissioner Tsougarakis said that she, too, had a difficult time with the notion of doing something on an interim basis before these things issues are resolved...perhaps.

Mr. Turpen felt that there is as much if not more confusion on the part of United than there is on our side. He said that he has been trying for several months to get United to sit down and discuss what their plans were. Unfortunately, that did not happen until October 24th. He said that even had we decided on that day what was going to happen we were too late then.

Mr. Turpen felt that there is an experience factor that needs to be gained by United Airlines in operating in this environment. As an example, he said that the ticket counter that United plans to use in the North Terminal is smaller than the ticket counter Pan Am used in the South Terminal, which was inadequate in both width and depth. He added that there were terrible congestion problems in the old international area as well.

Commissioner Goosby mentioned that one of the airlines suggested that towing the airplanes from the International Terminal to the North Terminal might create congestion.

Mr. Turpen responded that there's another problem. United committed 15% of its gate facilities to the Airport for the duration of the M & R Program. As recently as last week, Air Canada told him that United has asked them to relocate, obviously because United needs the room. Mr. Turpen said that there is space available in the International Terminal, especially for international departures. We're running about four and half airplanes per gate per day out of the International Terminal and United is running about eight and a half per day per gate out of the North Terminal. He said that real congestion exists in the North Terminal right now in terms of access to gates. He said that these things were pointed out to United and it was suggested that the prudent course would be to operate from the International Terminal, as was their original representation when their documentation was received in May. Mr. Turpen suggested that they start there and within 30, 60 or 90 days they can take a look at what's happening.

Commissioner Goosby said that the endorsement by the Mayor and the Commission of United's purchase of Pan Am's flights was conditional on United assuming Pan Am's obligations.

Mr. Turpen said that was our understanding at the time. He felt it was important that the Commission recognize that this was not a singular decision. He said that two airlines have already indicated that if United can do this they don't want the Commission to say that they can't. He said that Northwest Orient will be on Boarding Area 'C' in the South Terminal and they could ask for equal treatment in terms of departing from their own concourse instead of the international. He said that at this time Northwest has agreed to depart its international uflights from the International Terminal, as has Peoples Express. Both airlines have agreed to relocate their domestic operations to the South Terminal. He said that this is not just a singular decision regarding two airplanes and a single tenant but a policy decision which will govern all of our future decisions in this regard. He said he will continue to work with United and return to the Commission with a final recommendation.

Commissioner Goosby said that United got us to endorse the sale on a condition that we maintain the integrity of the Airport but this destroys the integrity of our whole plan. He felt that this smacks of a less than admirable intention. He felt that even though it might take some time to work out the logistics of using Pier 'E', United should at least consider operating from the International Terminal and then discuss the feasibility of using Pier 'E' with American.

Mr. Turpen said it would be very attractive for them.

Commissioner Goosby said it would also give United an opportunity to see how it works out in the International Terminal.

Mr. Turpen said he will share this with United and come back to the Commission at the December 3rd meeting with the final position. He expected that if the sales was consummated it would happen sometime in January which means that United would go into operation and assume Pan Am's route sometime in January.

Mr. Turpen said that the sale has been given tentative approval; final approval will rest with the President of the Japanese Government.

Commissioner Bernstein asked if United had expressed a willingness to compensate all the concessionaires.

Mr. Turpen responded that that was not really the case; they were still in discussion on that.

Mr. Turpen said they were looking for something that will satisfy all parties.

Commissioner Coblentz felt that the consensus of the Commission is that while we don't have the power to say to United that they cannot do it, it is the Commission's strong feeling, first for the convenience of the passengers; second, for the concessionaires to whom the Airport has an obligation, that this should not happen. He said that he hopes it doesn't but if it does it is something the Commission cannot stop. If United intends to go ahead, he felt it was the consensus of the Commission that we don't intend to expend money for facilities to be moved over to the North Terminal for United's convenience.

4. Proposed Dental Clinic, Pharmacy and Watch Repair Concessions - Verbal Report

Mr. Turpen said that this item was a matter of confusion to him and asked the Commission for guidance.

Mr. Turpen said that the Commission instructed staff to do a passenger survey to determine interest in a proposed medical center, pharmacy, and watch repair shop. Subsequent to the Commission's instruction to staff, and unaware of that instruction to staff, he told Commissioner Bernstein that staff would do a pre-bid conference to determine whether or not there was anyone interested in pursuing this type of concession. He asked the Commission if they had a preference or would they simply allow him to proceed with this in either fashion that staff deems most appropriate.

Commissioner Tsougarakis said she would like to have a survey taken.

Commissioner Bernstein felt that the decision should be based on a philosophy of what an Airport should be. He said that having a well-rounded Airport is not always a matter of making money, but a matter of accommodating the customers. He felt that these types of concessions might be good opportunities for small businesses.

Mr. Turpen said staff will move on this promptly.

Commissioner Fleishell hoped that the survey is more than a simple question of would you like to see A, B, and C at the Airport. He said other things should be included.

5. Report on the Metropolitan Transportation Commission's Proposed Joint Powers Agreement

Mr. Turpen said this report is self-explanatory and he was putting it before the Commission for information; there is no action required. He said that although we won't have any direct impact in the real plan, we will have some indirect impact to our San Francisco representative on what happens in the vicinity of the Airport. He felt our views will obviously be sought by the Commission should this develop.

Commissioner Fleishell asked if the City, as a policy matter, ever decided that they would like to be part of the Joint Powers Authority.

Mr. Turpen responded that the City has been involved but he was not sure what the official position has been. He felt that the City has obviously been supportive because it has gotten to this point.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

Mr. Turpen suggested that it would be more appropriate if Item #6 was discussed in conjunction with Public Hearing Item #25 regarding Flying Tigers. Discussion of this item was put over to that portion of the calendar.

Commissioner Goosby was recused from voting on the following item. This item was unanimously adopted.

7. Award of South Terminal Shoe Shine Lease

No. 85-0332

Resolution awarding the South Terminal Shoe Shine Lease to Leather Care - SFO.

Mr. Turpen said that staff is recommending that the award for the bids of the South Terminal Shoe Shine lease go to Leather Care - SFO with a base bid of \$116,000.00. Mr. Obregon from the Human Rights Commission is present to talk to the Airports Commission. He said that there has been some contention made that Leather Care applied for and received a local and minority bid preference when in fact it was not a minority operator. Subsequently, that bid preference for the minority business enterprise was removed. Mr. Turpen said that he finds nothing wrong with applying for a bid preference; the Human Rights Commission authorized it and the Human Rights Commission withdrew it. He said that in any event, HRC's award and subsequent withdrawal of their approval have no impact on the bids.

Mr. Clemente Obregon, Contract Compliance Officer with the Human Rights Commission, said that "upon revising the documentations submitted by Leather Care - SFO in which there is a management agreement which precludes the owner from day-to-day operation, which

is part of 12D of the Administrative Code of the City and County of San Francisco, takes away all the rights of the minority business in the operation because the program wants the minority owner to operate the business, learn the procedure, and in this sense, with this agreement between Leather Care - California and Leather Care - SFO, it takes away all the management from the minority owner and places it in the hands of Leather Care - California, which is a separate entity from the owner."

Commissioner Goosby asked if this was like a franchise.

Mr. Obregon said that that was correct. He continued..."Secondly, since the business is going to be run out of 111 Anza in Burlingame, and 12D states that to get the local business preference you have to have an office located in San Francisco with secretarial services and the other pertinent operations of the business...that also precludes Leather Care - SFO from the 5% preference as a local business."

Commissioner Goosby assumed that just because a bidder submits an application for LBE or MBE preference does not mean that it will automatically be granted.

Mr. Obregon said that was correct.

Mr. Turpen felt that the confusion came when staff basically adjusted their bid number because of the proposed LBE and MBE status.

Mr. Turpen said that Leather Care's base bid was \$116,000.00; the second low bidder was A Step Up, which received an LBE and MBE preference for a bid of approximately \$107,000.00. Leather Care was the successful bidder even without the preference.

Mr. Walter Kaplan, attorney and partner in A Step Up, apologized to the Commission for the manner in which he last addressed the Commission.

Mr. Kaplan reminded the Commission that the shoe shine bid was put out over the summer; the bids were due in August. He said that when the bids came in he submitted a protest on the award of the bid to Leather Care for a number of reasons. He felt that there was apparent fraud as to who all these people (with Leather Care) were. The Commission put the bids out again. He said that Leather Care then changed the configuration of their organization yet the same names were involved.

Mr. Kaplan said that their documents are inconsistent as to who the legal entities are; they attempted to obtain a minority business preference and a local business preference simply through the filing of documents which do not hold credibility when closely examined. He said he was under the impression that because they were not going to receive the certification that they would not be getting the award. He said he spoke with Mr. Lanzilla yesterday and was informed that a recommendation would still be made to award the lease to Leather Care. He said that at that time he submitted a letter to Mr. Turpen, raising a number of issues he thought the Airport staff would have become aware of and would have dealt with.

Mr. Kaplan argued that inconsistent bidder names were submitted so you don't know who's running the business. He also felt that there seems to be an apparent fraud in the business interest as the interests are owned by different people and different aspects of the Leather Cares. He said that there are numerous Leather Care organizations and each one has different interests; they don't appear

to conform to the records of the County Clerk's Office in the counties where they should be recorded. He said that they appear to be fraudulent, both in their attempt to gain preferences and in their configuration.

Commissioner Fleishell said that since the 5% preference for each of the two credit areas has been removed, how does who runs Leather Care or whether or not they are recorded affect the Airport.

Mr. Kaplan responded that the Airport should not want to encourage or approve fraud in the bidding process.

Commissioner Fleishell said that there is no evidence of fraud and that staff disagrees with his claim.

Mr. Kaplan said that staff has not addressed the issues raised in his letter dated November 18. He said that different people are allegedly operating the business and have interest in the business. He felt that there should be accuracy, credibility and consistency in all of the documents. He said that issues of liability ultimately can arise...people can be injured and can sue so you must have an organized, consistent business structure that complies with the law. That does not exist here.

Commissioner Fleishell asked Don Garibaldi, Airports General Counsel, if he has reviewed Mr. Kaplan's comments.

Mr. Garibaldi responded that he just received the letter this morning but he was already aware of some of these contentions. He said that Leather Care - SFO will have to provide us with a performance bond, with adequate insurance as required by the lease and he didn't see any problem with the Airports Commission dealing them. He said that they are a legal entity and bidder.

Commissioner Goosby asked what the relationship between Leather Care - California and Leather Care - SFO was. He asked if Leather Care - SFO was a franchise or was a manager hired to run the operation.

Mr. Garibaldi responded that it was his understanding that Leather Care - California will manage the operation and there is a management agreement between SFO and California to that effect. Mr. Garibaldi added that Leather Care - SFO is owned by Mr. Lee.

Commissioner Goosby said that Mr. Lee, in effect, is an investor.

Mr. Garibaldi added that the arrangement is such that it cost Mr. Lee his LBE/WBE preferences but he is still the high bidder.

Ms. Angela Gittens, Deputy Director for Business and Finance, said that HRC had indicated that since Mr. Lee is not managing the business he cannot get the preference.

Commissioner Tsougarakis clarified that not getting the preference does not disqualify him.

Ms. Gittens said that was correct.

Mr. Turpen added that the difference would have been if the loss of the preference caused his bid amount to fall below that of the second bidder.

Commissioner Goosby said he raised the questions because Leather Care's sense of responsibility and integrity was being questioned.

Mr. Kaplan argued that the point to be focused on is that Leather Care - California is operating this business. He quoted a letter to Mr. Lanzilla, dated November 12th, that Leather Care - California is a partnership between Mr. Simonian..."it's organized as a partnership between myself and my wife, Judy and Kent Edwards." He said that the San Mateo County Clerk has no record of a Leather Care - California partnership. The Clerk's files show only a fictitious business statement, File No. 69677, dated September 4th, 1985, filed by Gary Simonian, listing himself as sole owner with a home address in Millbrae.

Commissioner Tsougarakis asked who will be responsible for the contract.

Mr. Gittens responded that Richard Lee of Leather Care - SFO will be responsible.

Commissioner Tsougarakis said that is the company that we should be concerned with.

Ms. Gittens agreed.

Mr. Kaplan argued that he thought the Airport should be concerned with the people who would be managing and operating the business.

Commissioner Tsougarakis said the Airport is doing everything it can, within legal limits, to ensure that the interests of the Airport and City are protected. She said that staff has done every- thing they can to meet the rules of the game and there's nothing more that can be said.

Mr. Kaplan argued that they filed fraudulent applications, showing fraudulent interests in businesses.

Commissioner Tsougarakis responded that they are not the ones that filed.

Mr. Kaplan continued that he cited earlier on in his last letter that Mr. Lee shows a fraudulent application to his prior application of August 24th. He said that there has been a series of frauds and attempts to misrepresent themselves to the Commission.

Commissioner Bernstein asked Mr. Kaplan if he felt the company should be owner/operated all the way through and not allowed to have a management contract.

Mr. Kaplan insisted that the point he was trying to make was that there appears to be fraudulent interests of ownership in the different degrees of Leather Care. He said that there's a Leather Care - SFO...which bid in August as one entity and having two members to its partnership. He said that they never filed any kind of document showing they were a legal entity. He said that the second time around they filed as a sole proprietorship, using the same name and one of the same people. He said that Leather Care - California claims to be a partnership with a number of people yet the records show that it's only one person.

Mr. Kaplan argued that if someone gets injured in one of these shoe shine shops they're going to sue the people running it, the people managing it, the people owning it, the Airport and the City; they will look for the deep pocket. He once again argued that Leather Care has not, with any credibility, represented themselves in a consistent way throughout this whole process.

Commissioner Bernstein said that Mr. Kaplan kept using words like "apparent", and "somehow" and he did not think that was adequate proof. He said that if he were to claim fraud he would have to show something that was more than "apparent".

Commissioner Goosby felt that since he has not had the opportunity to read the letter submitted by Mr. Kaplan, and Mr. Garibaldi has not had the opportunity to study it, then perhaps this item should be put over to the next meeting.

Mr. Kent Edwards, owner of Leather Care - National, said that all the entities are present. He said he has been listening to an attorney use the word fraud and he does not know what Mr. Kaplan is talking about. He felt that the entire matter could be cleared up today.

Mr. Edwards said that Leather Care - National has a partnership agreement with Leather Care - California. He said that the purpose of Leather Care - California is to establish shoe shine stands in concessions throughout the entire state of California. Richard Lee is the sole owner of the SFO Leather Care and will be the investor and overseer of profits.

Mr. Edwards introduced Gary Simonian and Richard Lee. He said they are registered in the City and County of San Francisco as Leather Care - SFO and he is registered in San Mateo County as Leather Care - California.

Commissioner Coblentz said he made the motion for approval of Leather Care and will stand by it.

Commissioner Goosby felt that since he has not had enough time to assimilate all the information presented today, and the City Attorney has not had enough time to deal with the full impact of Mr. Kaplan's last communication, he wished to abstain from voting for lack of information.

Commissioner Coblentz moved that Commissioner Goosby be recused from voting. Commissioner Bernstein seconded the motion. The vote was unanimous to recuse Commissioner Goosby from voting on this item.

The following items were unanimously adopted.

- 8 Authorization to Award Leases of Mobile Catering in the Taxi Staging Area of the Garage

No. 85-0033

Resolution awarding Lease A and Lease B for mobile catering in the taxi staging area of the garage to Express Food Systems and Mr. & Mrs. Charles Abad.

Mr. Turpen said that Human Rights Commission certification has been received and he recommends approval to the high bidder.

9. Resolution Requesting Authorization to Award South Terminal Cigarette Vending Lease

No. 85-0334

Mr. Turpen said that this item was before the Commission once before and the minimum was reduced from \$10,000 to \$8,000. He said that bids came in at \$11,000 and \$8,000. He recommended approval for JB Vending.

10. Proposed Revisions to the Public Parking Rate Increase Scheduled to take Effect January 1, 1986

No. 85-0335

The Commission approved an earlier resolution to increase public parking rates effective January 1, 1986. The attached proposal would limit this rate increase to (1) rates in the first two hours in the garage, and, (2) the 24-hour rate in Lot D.

Mr. Turpen said that this confirms the previous public hearing on the parking rate amendment for the first two hours in the central garage and for the daily rate in the long term parking lot.

11. Authorization Approving Schematic Design for AT&T International Calling Center

No. 85-0336

Resolution approving schematic design and authorizing construction of the AT&T International Calling Center subject to the Tenant Improvement Guide.

Commissioner Coblentz said he understood that this has been approved by Jason Yuen and Howard Friedman.

Mr. Turpen said that this is something staff tried to get when the International Terminal opened and was finally coming to fruition. He felt it would be a plus for the International Terminal.

Ms. Gittens said that this will be a staffed facility.

The following item was adopted by a 4-1 vote with Commissioner Goosby casting the dissenting vote.

12. Modification to Bond Counsel Agreement with Orrick, Herrington & Sutcliffe - \$15,999.00

No. 85-0337

Resolution authorizing a modification to the Bond Counsel Agreement to provide for services related to the proposed defeasance of the Western Airline's 1967 San Francisco Airport Improvement Corporation Bonds.

Commissioner Coblentz felt that the Airport should instigate a procedure used with other professionals, namely architects. He agreed that while the Orrick firm has served the Airport well he felt that there are probably other law firms who are well versed in this field and we should go out for competitive bidding for bond counsel.

Ms. Gittens said that there was a commitment in the last modification that for the next bond issue we would go with an RFP for bond counsel.

Commissioner Fleishell said that the last time the Airport had a bond issue the Commission raised this question. He said that the Commission was told by staff that it was best not to change attorneys because this was part of a continuing issue.

Commissioner Fleishell said that there will be no further bond issues that are not part of the continuing issue so if the argument was valid three years ago, it certainly is valid again. He felt that the step that ought to be taken is to require these people to associate a minority firm as you won't find minority firms that have any great reputation in the bond counselling business.

Commissioner Coblentz said he did not know of any minority firm that has any experience in bond deals.

Commissioner Goosby said he has personally talked to a number of firms in the last six months who have purposely enlarged their firms to include this expertise. He said that they may not have the experience that Orrick and Herrington have but they have the background.

Commissioner Coblentz said he has not seen them in any bond issue and he has seen every bond issue that's come out. He felt they should be brought in but does not want them used as fronts.

Commissioner Fleishell suggested joint venturing in the same way that other cities were doing.

Commissioner Goosby said that Morrison and Foerster has joint ventured with three minority firms in their other national offices and they have been asked by one or two Commissioners to do it here.

Commissioner Coblentz thought that was a valid point. He said that bond work has been pretty much of a closed shop and we should try to open it up. He felt that as far as this was concerned the Commission should approve it but call for bids on the next bond work.

Commissioner Bernstein felt that it should include other work as well, not just bond issues.

Commissioner Coblentz agreed.

13. Modification No. 3, Noise Monitoring System Expansion, Phase IV
Tracor, Inc.

No. 85-0338

Modification No. 3 to Contract CT 10320, an agreement with Tracor, Inc. Applied Sciences Group for professional services to expand the Noise Monitoring System.

This modification covers Phase IV of the expansion and provides for automatic receipt of the FAA flight strip departure data for aircraft identification for Runways 01, 10, and 19 for the intergradation of flight strip data, aircraft ID, weather and noise level data, and investigation of reported Runway 01 back blast noise problems.

Mr. Turpen said that this involves Phase IV of the Noise Monitoring System and is the last major phase in the development of the System. He said that it will give us the capability of monitoring all departures from San Francisco Airport.

14. Award of Airport Contract No. 824
Taxiway Centerline Lighting

No. 85-0339 Resolution awarding Contract No. 824.
Eight bids were received on October
16, 1985 ranging from \$1,875,039.00 to
\$2,977,318.00.

15. Award of Airport Contract No. 1573R
Concrete Divider Barrier for Cart Road, Boarding Area 'D'

No. 85-0340 Resolution awarding Contract No. 1573R
to Chaides Construction Co., Inc. in
the amount of \$98,815.00. Four bids
were received on October 18, 1985
ranging from \$98,815.00 to \$153,382.50

16. Award of Airport Contract No. 1011A
Reconstruct Taxiway 'C' to Plot 50, Phase I

No. 85-0341 Resolution awarding Contract No. 1011A
to O'Grady Paving, Inc. in the amount
of \$3,707,459.00

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

17. Type II Modification for Three South Terminal Complex Construction
Contracts

Contract modification to provide
additional work for unforeseen
conditions, increased scope,
deficiencies in the plans and
specifications, and design changes.

No. 85-0342 Contract 1410ABCD - South Terminal
Renovation Phase I - \$8,066.01

No. 85-0343 Contract 1410EF - South Terminal
Renovation Phase II - \$352,480.00

No. 85-0344 Contract 1414AB - Boarding Area B
Renovation/South Concession Area -
\$28,553.00

18. Tenant Improvement:
Western Airlines Boarding Area 'B'
Leasehold Improvements - (T-3055)

No. 85-0345 New construction and remodeling of
Western Airline's Ground Operations
Offices - \$250,000. No cost to
Airport.

19. Tenant Improvement:
Eastern Airlines Cargo Plot 7S Loading Dock - (T-3008)

No. 85-0346 \$200,000.00 - No rental credit.
20. Tenant Improvement:
Philippine Airlines Cargo Facility Modification - (T-3052)

No. 85-0347 \$35,000.00 - No rental credit.
21. Statistical Adjustment for 1985-86 Joint Use Billings Under Lease and
Use Agreement

No. 85-0348 Resolution adjusting 1985-86 Joint Use
Billings pursuant to Section 101.W of
the Airline Airport Lease and Use
Agreement for World Airways, Inc.
22. Statistical Adjustments for 1985-86 Joint Use Billings Under Lease
and Use Agreement

No. 85-0349 Resolution adjusting 1985-86 Joint Use
Billings pursuant to Section 101.W of
the Airline Airport Lease and Use
Agreement for Westates Airlines, Inc.
23. Personal Services Contract for a Three Projector 12 to 15 Minute
Audio Visual Presentation

No. 85-0350 Resolution approving a personal
services contract for a three
projector 12 to 15 minute audio-visual
presentation of the Airport's Noise
Abatement Program in the amount of
\$4,640.00.

I. PUBLIC HEARING:

Item #25 was called out of order and discussed in concert with Item #6.

25. Approving Proposal of SFAIC to Finance Improvements for Flying Tiger Lines by Issuance of Bonds in an Amount Not To Exceed \$22-Million

Item #6 was adopted as amended by a 4-1 vote with Commissioner Tsougarakis casting the dissenting vote.

6. Resolution Awarding Site Lease, Plot 50A

No. 85-0331

Resolution awarding a long-term site lease of Plot 50A to the Flying Tiger Line, Inc.

Commissioner Bernstein asked Mr. Lawrence Nagin, Senior Vice President of Administration and General Counsel for Flying Tigers, if he wished to address the Commission.

Mr. Nagin introduced Mr. Denis Kalscheur, Vice President and Treasurer of Flying Tigers and Jackie Greer Wright, Director of Properties.

Mr. Nagin thanked the Commission and Airport staff for their consideration and patience over the years in dealing with Flying Tigers property issues at San Francisco International Airport. Mr. Nagin said that unfortunately over the years Flying Tigers has suffered the pangs of de-regulation, foreign competition, recession, high interest rates and fuels prices, as have most of the Airport's other tenants, and over that period of time they have had to defer their plans with respect to improving their facilities. He said that in looking at the staff recommendation with respect to Item No. 6, there are three open items that Mr. Turpen has reported to the Commission and indicated needed addressing.

Mr. Nagin said that their Board of Directors has approved the process of negotiations in a Board action taken in October. He said that there is another Board of Director's meeting scheduled for this Thursday at which time the Board will be briefed on the results of today's Commission meeting.

Mr. Nagin said that there are three open items. The first deals with the sublease space. He reminded the Commission that Flying Tigers was in competition with Northwest Orient Airlines to develop Plot 50A, the last remaining undeveloped piece of cargo property at San Francisco International Airport. He said that the problem is compounded by the fact that Northwest and Pan Am will share a facility. Pan American now has approval from the Department of Transportation, subject to the President's approval, to sell its routes to United Airlines. Mr. Nagin felt that that reduces the need for Pan Am to have 33,000 sq. ft., which is the amount that Flying Tigers is to dedicate to a sublessee. He said that Pan Am has not yet determined what it's going to do yet and they have no affirmative agreement with them at this point. The key is that the 33,000 sq. ft. that Flying Tigers has been asked to commit for a subtenant was earmarked for Pan Am...this issue arose even before Pan Am and United agreement took place. He said that Flying Tigers agreed to provide a sublease area for a prospective tenant based upon the representations that it's needed. Flying Tigers understands the need; their concern is the risk and that is where they disagree on this issue with Airport staff. He said that their concern is that but for the request that Flying Tigers add this 33,000 sq. ft. to their facility, they wouldn't be doing it. He said that they are not proprietors; they are not in the real estate business; they want to have their facilities and they them to be first class for their customers and employees. He felt that on the other hand, they don't feel they should be in a position to have to run the risk.

Mr. Nagin said that the 33,000 sq. ft. is the amount of space that Pan Am is currently occupying at the Northwest facility. He added that that used to be the total Pan Am facility and then Northwest moved in with them.

Mr. Nagin said that prior to working for Flying Tigers he worked for the Los Angeles Department of Airports as their Counsel. He said that he recognizes that cities are not in the business of risk; but he did not think it should be Flying Tiger's either. He said that Flying Tigers wants to cooperation. They see the need for staff's recommendation but on the other hand, the risk hurts.

Mr. Nagin said the second item includes the negotiation bond. He said pointed out that they not only have members of Flying Tiger's staff present but representatives of Paine Weber, their underwriter, as well. He told the Commission that both the bond counsel and the Underwriter has been hired. Flying Tigers wants to move and complete the deal this year as they are concerned about a change in the law, interest rates and other fluctuations that may occur in the market.

Mr. Nagin said that the third item regards the maximum payment of up to \$50,000.00 to relocate Pan Am. He said that Flying Tigers does not like being in the business of relocating a competitor, especially when there is no guarantee that they will come into their facility.

Mr. Nagin said that Flying Tigers wants to cooperate and they want to do what's right. They realize it is the last piece of parcel to be developed but on the other hand the risk is very strong. He said that if the Commission takes action today he will report back to their Board on Thursday.

Commissioner Coblentz asked who came up with the \$18,500.00 yearly rent.

Mr. Turpen responded that the Real Estate Department came up with that figure. He said that was a standard rate.

Mr. Turpen said that the Commission was presented with a copy of a telex received by his office from Phil Strohm of Northwest Orient Airlines yesterday afternoon. Mr. Turpen said that Mr. Strom was fogged in in Minneapolis and asked that the telex be made part of the record.

Mr. Turpen read Mr. Strohm's telex (see attached.)

Commissioner Fleishell felt that the resolution relating to the bonding that should be tied in directly to any substitute resolution dealing with the lease terms. That should be tied in with a specific time frame unless the lease document is signed and approved by the Board of Supervisors on or before a specific date. Commissioner Fleishell added that he was astonished that this is before the Commission since Mr. Nagin stated that he is not agreeing to these things the Commission has before it for consideration. He felt that there is still a great deal of negotiation yet to do.

Commissioner Coblentz asked if there was a time factor due to the Internal Revenue code.

Mr. Turpen responded that in an effort to be cooperative staff has attempted to work as expeditiously as possible to allow Flying Tiger to take advantage of any opportunities this year. He said that were it not for that we would not be before the Commission today; staff would still be arguing the issue and hoping to come to some resolution.

Mr. Turpen said that when he made the recommendation to the Airports Commission to award to Flying Tiger, it was based on our ability to strike some equitable arrangement with Flying Tiger and Northwest. The feeling was that Flying Tiger had been a long term tenant in the north field and if they developed this space and could take Pan Am out of the existing Northwest facility, Northwest could stay where they are. That was the arrangement that was struck.

Mr. Turpen said that we have since run into some problems...whether it is Flying Tigers failure to actively pursue an arrangement with Pan American or Pan Am's reluctance to enter into an agreement with Flying Tiger. Mr. Turpen said that Pan Am agreed to nothing during this time.

Mr. Nagin said that other than the staff involvement Pan Am is really a stranger to this deal and he did not believe they were present today. He said that Northwest sends a telex and says \$50,000 is inadequate for Pan Am. Mr. Nagin said that it's too early for Pan Am to make a decision. Except for possibly a flight a day to Honolulu, Pan Am is getting rid of everything west of California so the strong Asian traffic, which is the bulwork of any freight facility at San Francisco International, is going to be gone. He said that answers to questions like how much space they need and where they would move, have not received definitive answers. He said that Flying Tigers is willing to resolve the issue and that the \$50,000.00 with respect to Pan Am's move is fair; it was discussed with staff and he thought the staff report said it was minimally acceptable.

Mr. Nagin, in response to Commissioner Fleishell's question as to why this issue is before the Commission, said that Flying Tigers is pushed by the issue of the end of the year financing needs, change in the Internal Revenue code and all sorts of contingencies that cannot be contemplated. He pointed out that this is subject to their Board approval so that any action taken today by the Commission would be transmitted to their Board on Thursday and they would make their decision. He said it was important to move on the public hearing on the bonds, and asked that the Commission make a determination on these three open issues.

Commissioner Coblentz said he has read all the material and if he could he would ask that this item be put over but he realizes that that cannot be done. The Commission has an obligation to Flying Tigers to make a decision. In light of that, he rejected Northwest Orient's request that it be raised to \$150,000.00 but would go along with staff on the recommendations made on those three points.

Commissioner Goosby said that the 33,000 was a big chunk and Flying Tigers recommended that they not be responsible for the subleasing...that the City should be responsible.

Mr. Nagin said that that was correct. He said that Flying Tigers was not in competition with the City in terms of subletting. He asked for a moral commitment, at the very least, so that he could indicate to his Board of Directors that the City recognizes it is asking Flying Tigers to swallow a pill on this one and that the Airport would use its best efforts to find a tenant. Mr. Nagin said he would appreciate a sense of the Commission so that he could report it to his Board.

Mr. Turpen responded that he has been involved in discussions on potential reimbursements or potential subleases of the space from Flying Tiger to the City, but staff has always been adamant in saying that it would actively and aggressively pursue lessees for this space so that Flying Tiger would not be left with this space on a long-term basis.

Commissioner Coblentz felt that the Airport had a moral commitment to actively pursue this and not leave Flying Tiger hanging.

Mr. Turpen responded that that was the representation that was made to Northwest. He said that the deal at the beginning was that the space would be built at the expense of the successful competitor for the Plot 50A lease and would be borne by them, although the City would make every effort to ensure that a tenant was found. He said that that was the deal from the beginning and that was Northwest Orient's understanding when they agreed to withdraw from competition.

Commissioner Coblentz felt that the indication of the Commission was that we have had a longstanding relationship with Flying Tigers and we should help them as much as we could. He reiterated his belief that the Commission had a moral commitment.

Mr. Nagin appreciated the fact that Commissioner Coblentz felt the Commission had a moral commitment and he presumed that the rest of the Commission agreed. He added that the bond was a cost item.

Commissioner Coblentz asked if that it 5%?

Mr. Nagin responded that staff would like six months rent, a cash collateralized bond - \$150,000.00. He suggested that if this deal is not made and documents signed by the end of December, then at that point they will put up the negotiating bond. He said once again that Flying Tigers is a long time tenant; they operate worldwide and they have no history anywhere of a negotiating bond. He felt it was a bad precedent.

Mr. Turpen responded that in this case both parties were asked if they would be prepared to put up a negotiation bond in the event they don't carry forth with the project. Both parties indicated in their presentations to Airport staff that they would post a negotiation bond. Staff has been negotiating in good faith with Flying Tiger and has awaited this negotiation bond but has yet to receive it.

Commissioner Bernstein asked if the Airport would ultimately be responsible for the bonds since they were San Francisco Airport Improvement Bonds.

Mr. Garibaldi responded that the Airport would not be responsible. The Airport Improvement Corporation is a separate legal entity from the Airport; it is not part of city government and this is not a pledge of City funds.

Commissioner Coblentz said that while there is an implication that we are responsible, as a practical matter legally, we are completely insulated.

Commissioner Tsougarakis said that we require a bond from everybody and she did not understand why there is an issue with Flying Tiger.

Commissioner Coblentz said that we require a performance bond but not a negotiation bond.

Commissioner Tsougarakis felt it was the same difference.

Commissioner Goosby said that the negotiation bond is insurance that they will negotiate in good faith.

Ms. Gittens said that was correct. Staff's concern had been that Flying Tiger would not go ahead with the deal and we wanted some revenue protection against any additional delay. A performance bond refers to a performance on the lease.

Mr. Nagin said that it is not as if they were a stranger to the Airport. He said that Flying Tigers pays \$800,000.00 a year in rent.

Commissioner Fleishell did not think this could be accomplished by December 31. He felt that the recommendation made by Commissioner Coblentz should be followed and the resolution should be adopted as is. He said that with this time limit you almost have to sign it within the next week to get it before the Board of Supervisors. He did not know how you can sell bonds before you have the approval of the Board and the City process was ponderous and slow.

Commissioner Coblentz thought that Flying Tigers did not have to put up a negotiation bond until this has been approved by the Board of Supervisors.

Ms. Gittens told Commissioner Coblentz that that was not our position; staff wants the negotiation bond Thursday before we submit it to Board.

Mr. Turpen said that at the very beginning both parties were asked if they were prepared to put up a negotiation bond to protect the Airport in case this deal falls apart.

Commissioner Goosby asked how much the negotiation bond was for.

Mr. Turpen responded that it was \$146,000.

Commissioner Coblentz said that if the Board of Supervisors was hesitant in acting, Flying Tigers would forfeit the bond.

Mr. Nagin said that was correct.

Commissioner Coblentz said that knowing the arbitrariness and capriciousness of the Board of Supervisors he would not want to put up any money on that.

Commissioner Fleishell asked why the bond wasn't put up months ago when the negotiations began.

Mr. Turpen argued that the fact of the matter is that we repeatedly asked for the bond. We also negotiated repeatedly over time in good faith because we recognized the time constraint. He said that were there no time constraints he would not be bringing this before the Commission today. The Airport staff is trying to be cooperative, trying to accelerate the time frame, trying to work toward this while at the same time not receiving the things they expected to receive by agreement from the beginning. He said that the Commission can waive it but what was discussed at the outset should be made clear.

Mr. Nagin appreciated Mr. Turpen's indulgence and desire to move ahead. He said that staff has been most cooperative and forthcoming with their position.

Mr. Turpen said he was not certain that there was enough time remaining to get this done administratively but he would be happy to try.

Commissioner Coblentz asked if the \$146,000 was for the past six months.

Ms. Gittens responded that it was; it should have been put up in June. Staff should have stopped talking to them in June.

Commissioner Coblentz again said that he wouldn't want to put up a bond to rely on the Board of Supervisors or any legislative body and he was willing to waive it.

Commissioner Goosby agreed with Commissioner Coblentz. He wondered if a statement on the Airport's moral commitment should be added to the resolution.

Commissioner Coblentz felt that it should not be added.

Commissioner Coblentz amended his motion to delete the negotiation bond of \$146,000.00.

Commissioner Tsougarakis seconded the motion.

Commissioner Fleishell said that there should be a sunset provision in the resolution so we are not hampered by having any resolutions on the books to prevent us from negotiating in good faith with someone else.

Mr. Turpen said the resolution will be amended to include the date.

Mr. Turpen, clarifying the Commission's position, said that if by Flying Tigers own hand they withdraw from these negotiations the Airport staff will reopen negotiations with any interested party. If, by virtue of the Board of Supervisors action there is some delay staff will come back to the Airports Commission with an amended resolution and the evidence which would support that amended resolution.

Mr. Nagin said that he will personally contact Mr. Turpen on Thursday after their Board meeting. He thanked the Commission for its time.

Commissioner Tsougarakis asked what the amendment was.

Commissioner Fleishell asked what the date was.

Mr. Garibaldi understood the date to be December 31, 1985.

Mr. Turpen responded that the amendment will be in the first resolve and authorizes the Director to execute a lease by and through the City and County of San Francisco and Flying Tiger for Plot 50A...by December 31st.

Commissioner Fleishell said that the bond resolution should also have the appropriate language.

Mr. Garibaldi said that since bond counsel is present he wanted to make certain that there was no problem in making these amendments to the bond resolution. He called on Mr. Rick Smith, who is with the bond counsel, for his opinion.

Mr. Smith said there was no problem.

Commissioner Goosby asked if the airlines guarantee payment on the bonds.

Mr. Garibaldi said that numerous bonds have been issued...the same Improvement Corporation but separate bond issues. He said that the particular lessee of the improvements guarantees the payment.

Commissioner Goosby asked what happens if the lessee defaults on the payments.

Mr. Garibaldi asked Mr. Rick Smith to respond.

Mr. Smith responded that under the current drafts of the documents they distributed, which is subject to both approval of the Airports Commission and the SFAIC, if there's a default by Flying Tiger under the facilities lease, there would be the right of the trustee for the bond holders to foreclose upon the facility and sell it...there would be a pot of money from which the bond holders would be paid; that is their security and the trustee could sell the facility. That means that someone else would have the right to lease that facility from the Airport for cargo purposes. Mr. Smith added that a bank or trust company would be trustee.

Mr. Nagin asked Mr. Smith if it was true that a one year debt service reserve would cover it to allow the Airport time, as the proprietor, to find a tenant.

Commissioner Fleishell said that on a foreclosure the Airport should have the right to consent to the purchase or foreclosure, the same as we consent to all other leaseholders at the Airport.

Mr. Garibaldi said that that can be included.

Mr. Smith said that that consent is in the current draft of the documents that were distributed and will be subject to the Airport's consent.

The following item was unanimously adopted.

24. Approving Proposal of SFAIC to Finance Improvements in the South Terminal for Air California, Inc. by Issuance of Bonds Not-to-Exceed \$10-Million

Mr. Turpen told the Commission that Air Cal will be moving from its North Terminal location to a South Terminal location on Boarding Area 'C'.

There was no public testimony on this item.

* * *

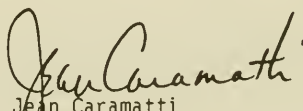
J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:45 A.M. to go into closed session.


Jean Caramatti
Commission Secretary

EASYLINK MBX 7945660A001 18NOV85 17:54/18:11 EST

VIA: 509520

TO: 62770910

SFO AIRPORT

NWAIR STP A

TELEX PAID ST PAUL MN 18 NOVEMBER 1985

LOUIS A. TURPEN
SAN FRANCISCO AIRPORT

TELEX 509520

NORTHWEST AIRLINES IS IN RECEIPT OF YOUR NOVEMBER 12 MEMORANDUM ADDRESSED TO THE AIRPORTS COMMISSION REGARDING THE RESOLUTION OF AWARING THE PLOT 50A SITE LEASE. NORTHWEST HAS TWO PRINCIPLE CONCERNS WHICH ARE AS FOLLOWS:

1. PAN AM RELOCATION

ON PAGE 3 OF YOUR LETTER IN THE SECOND PARAGRAPH, YOUR STATEMENT IS THAT +I MUST CONSIDER THEIR PROPOSAL MINIMALLY ACCEPTABLE+. THIS IS NOT ACCEPTABLE TO NORTHWEST. NORTHWEST AGREED TO DROP OUR INTEREST IN PLOT 50A SITE ON THE CONDITION THAT PAN AM WAS RELOCATED FROM THE PRESENT NORTHWEST FACILITY AT PLOT 9A WHEN THE FLYING TIGER FACILITY WAS COMPLETED AND THAT SAID RELOCATION AND ANY NEGOTIATIONS REGARDING THAT RELOCATION WERE FLYING TIGER'S RESPONSIBILITY. IT IS OUR UNDERSTANDING THAT FLYING TIGER HAS NOT MADE ANY SIGNIFICANT EFFORT IN ATTEMPTING TO NEGOTIATE AN AGREEMENT WITH PAN AM.

2. RELOCATION PAYMENT

\$50,000 IS NOT ENOUGH TO CONSTRUCT A SALES OFFICE IN SOME LOCATIONS AND NORTHWEST FEELS THAT THIS OFFER IS INADEQUATE. NORTHWEST BELIEVES THAT THE AMOUNT SHOULD BE AT LEAST \$150,000 AND IT SHOULD BE ESCROWED WITH THE UNDERSTANDING THAT IF ADDITIONAL EXPENSE IS INCURRED ON BEHALF OF THE AIRPORT OR ANY OTHER TENANT TO RELOCATE PAN AM THAT FLYING TIGER WOULD ASSUME RESPONSIBILITY FOR SAID COST BECAUSE OF THEIR FAILURE TO ACTIVELY PURSUE THE RELOCATION OF PAN AM.

UNFORTUNATELY, I WAS UNABLE TO TRAVEL TO SAN FRANCISCO TO APPEAR AT THE COMMISSION MEETING DUE TO FOG IN MINNEAPOLIS. IT WOULD BE NORTHWEST'S REQUEST THAT THIS LETTER BE READ INTO THE RECORD AT THE AIRPORTS COMMISSION MEETING ON NOVEMBER 19 AND THAT THE ORIGINAL MAY 7 PROPOSAL AS PRESENTED BY YOU TO THE AIRPORTS COMMISSION BE ENFORCED AS TO FINAL APPROVAL FOR THE LEASING AND DEVELOPMENT OF THE PLOT 50A SITE.

IT SHOULD BE NOTED THAT NORTHWEST WAS MORE THAN WILLING TO DEVELOP THE SITE UNDER THE SAME CONDITIONS THAT FLYING TIGER WAS ORIGINALLY OFFERED TO DEVELOP THE SITE. OBVIOUSLY, THOSE CONDITIONS HAVE MODIFIED TO FLYING TIGER'S BENEFIT AND IF THE ORIGINAL CONDITIONS ARE NOT MAINTAINED, WE FEEL THAT THE WHOLE ISSUE SHOULD BE OFFERED AGAIN TO ANY AIRLINE THAT HAS ANY INTEREST AND NEED IN THIS SITE.

NORTHWEST MAY STILL BE WILLING TO DEVELOP THE SITE IF FLYING TIGER CANNOT MEET THE ORIGINAL TERMS AND CONDITIONS OF THE MAY 7, 1985 LETTER. IF IT IS NECESSARY TO HAVE NORTHWEST APPEAR AT THE NEXT COMMISSION MEETING, WE WILL BE MORE THAN WILLING TO ATTEND GIVEN THE IMPORTANCE OF THIS ISSUE AND NORTHWEST HAVING ADEQUATE CARGO FACILITIES AT SAN FRANCISCO.

PHILLIP A. STROHM
REGIONAL DIRECTOR, PROPERTIES/NWA
NNNNND

NWAIR STP A

SFO AIRPORT

NNNN

SAN FRANCISCO AIRPORTS COMMISSION



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MINUTES

DECEMBER 3, 1985

DIANNE FEINSTEIN, MAYOR

COMMISSIONERS

MORRIS BERNSTEIN

President

J. EDWARD FLEISHELL

Vice-President

DR. Z.L. GOOSBY

ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128

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Airports Commission

December 3, 1985

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Minutes
of the
Airports Commission

December 3, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present:

Morris Bernstein, President
William K. Coblentz, Vice President
Z.L. Goosby
J. Edward Fleishell
Athena Tsougarakis

* * *

C. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced the unanimous adoption of resolution number 85-0353 authorizing the Director to execute a Professional Services Agreement with Grieg W. Harvey, and resolution number 85-0354 regarding the settlement of a litigated claim at the closed session of November 19, 1985.

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell felt that steps should be taken to control the loss of revenue the Airport is experiencing by allowing newly formed companies to operate scheduled pick-up and delivery services at the Airport. He said that these other companies are operating scheduled services from which the Airport receives no benefit and to the denegation of the value of the exclusive contract that exists and the non-exclusive contract which we hope will go out to bid.

Commissioner Fleishell asked that staff establish a schedule of fees, within the limits of the law, to be levied against anyone picking up or delivering passengers to the Airport.

Commissioner Fleishell said he would like a report at the next meeting. He felt that the fact that other airports may or may not do this should be of no interest; we have to decide what will be done at this Airport.

Mr. Turpen said that a report will be prepared for the December 17 meeting.

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E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

Item # 1 was removed from the calendar.

1. Follow-up on Flying Tigers Lease

The following items were unanimously adopted.

2. \$396,000 Supplemental Appropriation to Increase the Fiscal Year 1985/86 Annual Service Payment

No. 85-0355

Authorization to request a \$396,000 supplemental appropriation from the Mayor to increase the annual service payment due to a revised projection of Fiscal Year 1985/86 concession revenues.

3. \$314,847 Supplemental Appropriation Related to the South Terminal

No. 85-0356

Authorization to request a \$314,847 supplemental appropriation from the Mayor to add staff due to higher passenger volumes and the opening of Boarding Area 'A' and the West Entrance Building.

Mr. Turpen told the Commission that this was the result of the planned addition of Boarding Area 'A' in the South Terminal reconstruction program. The supplemental will increase maintenance and will include custodial personnel.

Commissioner Fleishell asked how this would be affected by the Mayor's policy of not hiring new employees.

Mr. Turpen responded that although the Mayor has put a freeze on hiring new employees she has been open to exceptions.

4. Intercompany Assignment of North Terminal Game Room Lease

No. 85-0358

Resolution consenting to the inter-company assignment of lease of Entertainment Center/Video Game Room in the North Terminal building.

5. Award of Professional Services Contracts to Provide Geological Analysis, Hydrological Engineering and Chemical Grouting Services to Stop Leaks in Existing Tunnel 'C' Between Parking Garage and South Terminal -- \$56,000

No. 85-0358

Mr. Turpen explained that in 1987 the tunnel to the area just vacated by PSA will become Boarding Area 'C'. He explained that that area has been experiencing problems with water infiltration. Staff would like to resolve those problems so that it does not interfere with the opening of Boarding Area 'C'.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

6. Resolution Modifying Lease and Use Agreement

No. 85-0359

Resolution modifying Lease and Use Agreement No. 82-0115 between the Airport and Delta Air Lines, Inc.

7. Statistical Adjustments for 1985-86 Joint Use Billings Under Lease and Use Agreement

No. 85-0360

Resolution adjusting 1985-86 Joint Use Billings pursuant to Section 101.W of the Airline-Airport Lease and Use Agreement for People Express Airlines, Inc.

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G. PUBLIC HEARING:

The Public Hearing was opened at 9:10 AM and closed at 10:03 AM, there being no further public testimony. The following is a verbatim transcript.

8. Amendment to the Airports Commission's Rules and Regulations Regarding Circulating Traffic

Hearing on the proposed amendment to the Airports Commission's Rules and Regulations relating to commercial passenger vehicles circling on the upper level roadway between the Airport's North and South Terminals.

Commissioner Bernstein: Ms. Joan Hartman of Park 'N Fly.

Ms. Hartman: We have tried to comply with the new regulation of making the long circle. There are some times when it is really necessary, if a customer has left his plane ticket on the van, that they have to make a short circle to go in to get back.

We have a dispatcher on our lot who dispatches all of our long circles. We have been fined because of making more than 20 trips in an hour. But I just wanted to let you know that we are trying to comply with the rules. But if you are going to stop us from doing the inside we will have to go all the way around.

Commissioner Tsougarakis: What is a short run and what is a long run?

Mr. Turpen: There is, on the upper level roadway, you have an election when you get to the North Terminal of either exiting the Airport or going around the garage. The short circle is really going around the garage; you actually come around the fourth level of the garage then enter on the upper level terminal roadway again. We are talking about circulating traffic in that area. I'm not sure...the long circle would either be through the yoyo...you actually go down the ramp by the service station or turn by the Bufano and come back up. That's the long circle.

Commissioner Tsougarakis: What is the proposed amendment?

Mr. Turpen: The proposed amendment is: "No commercial passenger vehicle shall travel on the upper level terminal roadway connecting the North and South Terminals except the Airport's inter-Terminal Shuttle Bus", and we are proposing a \$25.00 fine.

Commissioner Goosby: You are talking about the short circle?

Mr. Turpen: The short circle. The reason is that we have a number of operators who do nothing, including the rental car people, who do nothing more than circle the upper level roadway. As an example, if they come by and there is no one to pick up they will continue to circle that roadway and they will make multiple trips.

Sheldon, how many?

Commissioner Goosby: You're saying that they can't do the short circle, they will have to go all the way around.

Mr. Turpen: I think Sheldon can give you some facts and figures right now which will tell you why we bring this to you. Let me say, harkening back to something Commissioner Fleishell said earlier in the meeting, this is really the first step of a series of things that we are now looking at with respect to the subject that Commissioner Fleishell brought up.

Sheldon, can you show the Commission, briefly, some of our concerns?

Mr. Sheldon Fein, Landside Operations: Recently, in August, we took some traffic counts on the upper level road and at the present time we are averaging 20,000 vehicles a day on the upper level road.

Mr. Turpen: That is on the departures level in front of the terminal.

Mr. Fein: On October 11 between the hours of 6:00 AM and 10:00 PM (16 hours) we observed traffic on the upper level center island. There were 1300 rental car shuttle trips during that period of time; 700 trips were by off-Airport parking lot shuttle buses; 400 trips by carriers not permitted by the Airports Commission. Many of these trips were trips just circling around the roadway waiting to pick up passengers or rescheduling themselves. As an example, Bay Area Super Shuttle had 240 trips that day during that 16 hour period; 110 were trips of buses coming to the Airport; another 130 trips were those vehicles recirculating more than one time each on the upper level roadway. Lorries on the same day had 112 trips; 40 of these trips were nothing but recirculating trips. The rental cars had approximately 75 trips recirculating, and, of the 700 trips by the off-Airport parking lots, 300 were recirculating, which means that almost every bus went around twice. If we restrict these buses from recirculating on the upper level roadway we believe that the recirculating traffic will be reduced by about 50 percent because the length of the trip will be at least twice as long. This will stretch out the flow of traffic and will free up the curb space so these buses will be able to get into the curb. Right now they double park because it's such a short trip to make the loop around. So, what we are basically asking for is that none of these commercial passenger vehicles be allowed to recirculate the upper level roadway and if they are going to come back and make the second trip, make the trip more circuitous.

Commissioner Goosby: In other words, what you are saying is that they cannot make that circle under this proposal unless they go down to the ground level and go around by the Bufano and back up or past the service station. You think that stretching that out will reduce congestion?

Mr. Turpen: That is Sheldon's professional opinion. What really brought this to light was we had so much double...as you know the upper level roadway is split into two roads, the interior and the exterior...there was so much double parking and bus congestion on the upper level roadway and called our attention to it. As the Commission will recall the Commission approved a plan for dividing up the roadways in 1980 which proved extremely effective. What we are seeing now is congestion build up and we are taking a look at why we are getting this congestion. That outside roadway is critical to us in terms of a bypass roadway from the South Terminal, the International Terminal and even portions of the North Terminal to get traffic off the Airport. If that becomes congested with vehicles, buses we start to have real problems in terms of egressing the Airport. I personally experienced and witnessed it on a number of occasions. That is why we, as a first step, we have taken a look at what's causing it, and that is the number Sheldon has been relating to you. We think we need some mechanism to start to slow down this recirculating by these courtesy vehicles.

Mr. Fein: This is really the second stage. The first stage, I think the woman from Park 'N Fly referred to, is the number of trips each bus is allowed to make to the Airport...we've limited that to 20. But what happens is we have a great deal of recirculating on top of that. This will control a lot of the bus services that average once every minute or once every two minutes, which just isn't realistic. Even though they are only picking up one passenger they still run the service.

Mr. Turpen: Sheldon, I think to clarify for the Commission, the rent-a-cars are on a schedule, is that correct.

Mr. Fein: That's correct.

Mr. Turpen: And the off-Airport parking?

Mr. Fein: All the permitted vehicles on the upper level roadway.

Mr. Turpen: Are on a schedule. Not on a schedule, but on a list.

Mr. Fein: Correct.

Commissioner Goosby: But the rest aren't?

Mr. Turpen: Four-hundred trips by non-authorized...(interrupted by Mr. Fein)

Mr. Fein: It's under the limit basically, on the permit and the rules on the off-Airport...I don't know since we don't have an agreement with them I don't know how we can control it.

Commissioner Goosby: How are you going to police it? Are you going to close off the access to the upper level through the garage?

Mr. Fein: That is a matter of placing a sign indicating what the resolution is and if any vehicle passes that point a police officer can cite him in the same way as if he did not stop at a stop sign or some other infraction.

Mr. Turpen: To make it fairly simple it is almost like a check-point. You could even put an officer up there to control it.

Mr. Fein: At the present time that area is signed which prohibits taxicabs that are empty from recirculating on the upper level roadway; that is enforced in the same way...by police officers citing any taxicab that goes past that point.

Commissioner Bernstein: I see you propose to have a fine for the violation. Before you can punish anyone you have to prove it. How will you prove it.

Mr. Fein: It is a matter of a police officer citing the vehicle for a moving violation.

Commissioner Bernstein: I know that citing is a very simple thing; they are specialists in that but how do you prove that they did it? Suppose that I didn't do it?

Mr. Fein: The police officer has to be out there and if a person passes that point going on the upper level roadway...this basically is the same matter that we enforce against the taxis. Any taxi driver with an empty vehicle that drives past that point gets cited at this point in time. That sign will be modified now to include... (interrupted by Mr. Turpen.)

Mr. Turpen: I think what the Commissioner is asking, Sheldon, is what will happen if you go past that sign and I'm a police officer and I cite you...then you can go to court and you can protest that citation. If you prevail, you prevail and, if you don't you pay the fine just like any other ticket.

Commissioner Bernstein: I know, but when an officer stops you and he says you were going 35 mph and he clocks you, and assuming it's correct.

Mr. Turpen: If you are on a piece of roadway and you are a certain type of vehicle you are wrong. It's like going the wrong way on a one-way street...you can go to court and say "I did not know it was a one-way street...I wasn't on the street."

Commissioner Bernstein: If you are on a one-way street you know you have violated the law.

Mr. Turpen: There is sign there which says you cannot go by.

Commissioner Bernstein: How can you prove that it is the ninth trip?

Mr. Turpen: Not the ninth trip, the first trip. Any recirculating trip. The first time you go around, not the ninth time.

Now, in response to your other question, if we're checking the number of total trips in a day we'd have to have people out there that would have to survey all the trips for that day in front of the terminal facility. We'd have to have people out there doing actual physical surveys...every trip for 16 hours.

Mr. Bernstein: Mr. Timothy Hanskin of Good Neighbor's Air Bus.

Mr. Hanskin: I defer to my partner.

Mr. Andy DePaule of Good Neighbor Air Bus: We're here on the same matter, obviously. We're one of the ones being spoken of. We weren't mentioned probably because we are the smallest. Out of the 20,000 trips I doubt if we comprise 30 in a good day. We would be severely effected by this and I think all the other companies would be severely effected. The way they described it it's as if we're to go and haul people off the curb which is not what any of us is licensed to do; we're licensed to go for customers who have called us. We have on-call schedules. We...I'm not quite sure about other companies. Besides being one of the owners of the company I drive quite a few hours a day so I understand. I just don't sit in an office and hear from the dispatcher and driver what is going on out

there - I'm there. The way that it is set up now, we have to stop at what is known as the "Brown Zone," a red and white curb with a brown sign, to pick up passengers. According to the regulations the passenger is supposed to go upstairs when we're picking them up. We are supposed to direct them upstairs, the dispatcher, where they go and wait. Now if it's raining, they wait in the rain, theoretically, for us to arrive. If we do this entirely by regulation we don't stop until they're actually there; then we pick them up and load them into the vehicle and we drive off. The problem is you have many old people and many people, this is the first time they're in the Airport. No matter how the dispatcher describes to those people how to get to that area they can't find it. The brown sign that says "Courtesy and Transit Vehicles"...the lettering is about 1-1/2 inches tall; it can't be seen by old people with glasses or any other difficulties. They also have difficulty in getting their luggage to and from that island. Once they do get out there they have to depend on us coming by. By lengthening the time it takes us to go around the same circle, because we still do have to go around to pick them up, it's that much longer that they have to wait and that much more that we have to travel.

Commissioner Goosby: How much longer do you estimate?

Mr. DePaule: It depends on the traffic, and that's another point. To do this circle in the way they describe, instead of safely doing it in a small circle where there's very little traffic recirculating, we would have to drive down a ramp, cross over either five (5) or six (6) lanes of traffic, depending on which lane you come down the ramp...that's five (5) or six (6) lanes of very heavy traffic with sometimes taxis speeding out, other people speeding out, natural problems like giant puddles...it's a dangerous area; there's a lot of accidents I've noticed. You'd have to go down and in 1/10th of a mile cross five (5) or six (6) lanes of traffic, make a loop...that's if you're successful in getting to the loop...then cross another five (5) or six (6) lanes of traffic to get back in another 1/10th of a mile and again with traffic rushing into the Airport, which will be worse when that new steep off-ramp is completed. We'd have to cross all that traffic again while other traffic is trying to cross the other way; this is already a terrible situation to get back up to the terminal. In the meantime, from our point of view, there are other services that provide a lot more vehicles...SupperShuttle obviously is one and Lorries is another. For them, if they have six (6) or eight (8) vehicles circulating, that means even if it is a 10-minute circle they're going to have a vehicle appearing every minute or two and our passengers are going to be out there seeing these people go by. When they go by they do stop...all of them. All of the companies take each others passengers, regardless of what they say when they adjust their halos...we all do that. And what happens is the passengers are solicited a number of times in a number of ways which is almost impossible to prove one way or the other.

Commissioner Bernstein: You're doing well. If I were you I'd quit right now. Is there any way to change that or is it necessary to change it?

Commissioner Coblentz: What about the lettering?

Mr. Fein: As far as the circling in the new route that is proposed, if the vehicle comes down off the upper level road, makes a right turn by the Standard station, uses the underpass and then comes up on the right hand lane at the Hilton side of the Airport, he does not have to merge across any lanes of traffic.

Mr. Turpen: You turn at the service station. You're coming down toward the freeway, turn right at the gas station, left underneath the entrance road and then back - so it's an exaggerated "U".

Mr. Fein: So you have absolutely no lanes to merge across as far as safety. The other problem is, again, that these are operators that are not permitted by the Airport operating to San Francisco and they are supposed to have pre-arranged loads. We are not directing the public to them. We direct the public to the Airporter bus stop if they're going to the downtown area. These operators run around the upper level road, do not know if someone is delayed 15 or 20 minutes in the baggage area and therefore, for a period of time, just keep circling the upper level road. They have no way of determining, once the bus is dispatched, if somebody is waiting in that lower level area. Again, these are operators not permitted by the Airport.

Commissioner Tsougarakis: What's the traffic, besides from this traffic, what's the traffic load on the upper level? Is it light? It probably is very light.

Mr. Turpen: 20,000 vehicles a day.

Commissioner Tsougarakis: Compared to what? What does that mean? Circling on the roadway?

Mr. Fein: There are approximately 800 to 1,000 buses circling the upper level roadway.

Commissioner Tsougarakis: Generally that's the most traffic that's there? I was just wondering if there wasn't some way, rather than doing all of that, that there may be a signal or stopping them, pushing the buses through on a regulated basis.

Mr. Turpen: I think one of two things, Commissioner, happens and we've seen it. We're responding to the first thing that happens. The first thing that happens is that people pull into the zone and they wait. If we don't have enforcement up there to move them along they violate the rule which says no waiting, stopping during active loading/unloading only, so they wait. Then they double park, then they triple park then they wipe out the by-pass roadway. So in response to that we put officers upstairs to ensure that people will not dwell in these zones and keep them open.

Commissioner Tsougarakis: That's the problem you're trying to address.

Mr. Turpen: Now what's happened is that by addressing this problem we've created another one.

Commissioner Tsougarakis: Right. What I'm saying is that is it possible, rather than creating some traffic problems in the long run, we can set up some kind of regulated traffic control system.

Mr. Turpen: We have a real problem in terms of the physical size of the Airport, in terms of the length of the roadway system and available curb and frontage at the Airport. That is a fact. And although we would like to de-regulate it and allow everybody to park for as long as they'd like, the fact is we can't do it; we have an obligation to the public to keep traffic moving and moving smoothly and that's what we've tried to do.

We have a couple of mutually exclusive alternatives: one, the Airport wants to keep traffic moving and minimize the number of people accessing and demanding the curbside. On the other hand, we have a number of companies that quite frankly would like to have 30 or 40 slots each to park at the Airport.

Commissioner Goosby: There is a third factor...that we have a responsibility to the people who bid on that transport out there that we are going to protect their right to pick up. They are paying the City money every day for the protection of their right to pick up passengers and carry them to the City and I think that we are already being sued on the fact that we are not protecting their right to do this efficient safeguard. I think we have to keep that in mind, too, as we consider this.

Mr. Turpen: That really is the issue and although I understand and am sympathetic to the concerns that the speakers have voiced, on the other hand we have a broader obligation to the travelling public as a whole to ensure that the Airport operates smoothly. One of the things contributing to the congestion is the recirculation and the fact that folks come out because the airplane is due at 9:00 and maybe the airplane doesn't come in until 9:20 or 9:30 or maybe there is a delay in the baggage claim area. It's pretty difficult to forecast it, I understand.

Mr. DePaule: Could I summarize very quickly what I was saying? I think the solution to the problem is not recirculating traffic over a larger area creating larger problems but rather all of the general services, no matter who spoke out here, we need a bus stop where we can stand by and wait; where passengers can see the sign of the bus stop and easily find it. The situation now is impossible; it wasn't created by us; it was, unfortunately, created by the Commission.

Mr. Turpen: Let me correct that. It was not created by the Commission. The Airports Commission responded to the PUC's de-regulation philosophy in which they handed permits to everybody and anybody who wanted one. Now if the Commission is responding to an inordinate demand on finite facilities; those are the facts. What we're trying to do is take 10 pounds and manipulate it around in a 5 pound bag so that everybody can operate. By your own statement you'd like to have a parking place for your bus so that you could wait as long as you want. I'm sure I could find a 1,000 people who'd like the very same thing; unfortunately, we can't do that.

Commissioner Bernstein: Jacqueline Kahn, Parking Company of America.

Commissioner Coblenz: Let me say, only from my experience, two weeks ago I was at the Airport and I couldn't even let my wife off. There were so many vehicles that I had to circle around and go across traffic and finally I could achieve what I wanted, all at the same time during that period getting a great deal of abuse from my wife.

Jacqueline Kahn: Yes, I'm very concerned about this new regulation coming into effect because one thing is we do have a business there and we try to give good service to our customers and we try to keep one van at the Airport at a time. We have people are calling in saying they're at the Airport. Now what happens, a lot of times the driver gets up there and those people are not out; they've called in and they're not there so they'll circle around waiting for that person to come out. If they have to leave the Airport, circle around, that's going to be more time by the time those people get out there; they have to wait longer when they get out there and they say, "I saw a bus leave and I'm out here". The fact is that we're already regulated; we can only have 20 vans up there an hour; 20 pick-ups an hour, that's every five minutes and that's what we're trying to comply with. I got a notice back from the Airports Commission that I had violated one hour...I had 21 runs in one hour. A lot of the runs only had eight rounds; some nine, and some ten. But one I had 21. I think these airport parking facilities are very essential to the Airport...(unintelligible)...I think it is very important that you look at our business standpoint that if we don't give good service, we lose our business. More and more people will be coming up there in cars to the Airport. They'll have more traffic than they ever thought about having if they didn't have commercial vehicles to pick them up.

Mr. Dean Woods of Lorries: I came to a Commission meeting earlier, in August. One of the things that seems to be lacking in these hearings is any furthered interest in the convenience and safety of the public.

Commissioner Bernstein: Wait a second.

Dean Woods: I'll qualify that if you'd let me.

Commissioner Bernstein: You'd better qualify it. We spent too many hours on that. Don't give me that. I'm willing to listen to what's wrong, see how we can help, but don't tell me we don't care about the public. I've lived too long and worked too hard at this thing and I'm not going to have you stand up here and say that.

Dean Woods: Well, if I've offended you...what I have in mind, sir, is that the current idea of directing traffic in a extended loop doesn't really do anything because the areas that we're going to be working in are single lane areas...from the gas station, that is a single lane and that is a bottleneck, down to and under the overpass, back around we will fall into direct conflict with the rental car buses, many of which are currently running one right behind the other, going into the Airport. All of the interest so far has been directed mostly at people like Lorries over the independent operators that are picking up and delivering persons to the Airport. It just seems that there is a greater problem than just the on-call operators that are at the Airport and yet most of the interest and most of the

efforts that have been suggested so far are directed at those people and not to the other conflicting problems that exist at the Airport. But delivering people, the elderly, the infirm to the Airport at an economic rate, seems like it should be of some concern to the Commission to do that as efficiently and with as much convenience as possible.

Commissioner Bernstein: Mr. Alex Palermo.

Mr. Alex Palermo: I'm the owner of a Travel Lodge Motel right on Poke and Ellis Street and my complaint is that my customers, of which I have an extensive promotion program at the Airport. I have many phones. I have an 80 room motel...Some get a lot of phone calls...(unintelligible)...cash in on that promotion expense. The bottom line is this...I get a customer, he calls in on a direct line from the Airport...we have John Jones who's at Pan Am. We come in, a new company picks him up, they come at my place and they tell them \$7.00 apiece. I have a contract with a shuttle service that picks up these people and I pay by the month; I get an invoice and they get a check. Now the first thing that they find...oh, San Francisco, number one, I've been hit...free shuttle pick-up and now I have to pay \$14.00 for me and my wife. It makes not only me, the owner of a Travel Lodge, look bad but it makes San Francisco look bad in the fact that they feel that they've been hit already. I don't know what the solution is but all I know is that my customers are being solicited by other people. We tell them it's a van and it'll say "Lorries" on it. I have many documentations on customers that say "Oh, you're going to downtown Travel Lodge." "Sure, we go there; come right in; we'll take you up." "Is this the right bus?" "Sure."

Commissioner Goosby: And they charge them but you don't charge them...is that the point you're making?

Alex Palermo: That's the point. Correct, sir. It's all in the package, of course. I take that into consideration. But it just makes me look bad and it makes the chain look bad. The very first thing that hit me and the reason that I came here is the fact that this one customer said "San Francisco...I've been hit already."

Commissioner Bernstein: You're in business and undoubtedly you try to take care of your customers the best way...so do we and so does almost every business I know of. I know very few, except out and out thieves that play around. There are certain expenses we have and certain fees we have to get, just like you; and there are certain things we can do according to law and there are many things we can't do according to law. I'd be glad to talk to a group of hotel owners, if you'd want to help and go to Sacramento and see if you can change some of these stupid laws that are in existence...and I know they're stupid but there's nothing much we can do. We sit up here and try to do the very best we can and we're certainly conscious of the business interest of San Francisco. I, too, am involved in business in San Francisco, so I know what it is. I, too, occasionally take a taxi and bus and pay for it, so I know what it is. I know the hustling and everything else that goes with it. I've been around a long time. Thank you.

Alex Palermo: You're welcome.

Commissioner Bernstein: Susan Song.

Susan Song: My name is Susan Song. I'm working at the Chancelor Hotel Gift Shop owner. I've been working with Lorries for 6-7 years. They do a good job and if something happens, they always bounce it on my desk. So it's been a pleasure working with them. Also I know managers, bellmen, all employees, they like working with Lorries.

But I have a complaint...since the Supper Shuttle has been working many of our guests make reservations, our secretary confirmation paper with Lorries advertising...the small green things with numbers, fares, how to catch a Lorries bus...so all worked out pretty good...they are so happy. But my guests wait for Lorries at the Airport and the Super Shuttle shows up and they ask if they want to go to the City. Passengers say they are waiting for Lorries; they say take it; we will take you for the same price. The people, they don't know...first time in the City. They're waiting for Lorries and they took the people and bring to my hotel door. I ask the guest how did you get to this bus? We were waiting for Lorries you said would come out. I called them and Lorries said they are at that location every 30 minutes so we're waiting out there. So Supper Shuttle stops and asks if we want to go to the City so we take it. At that time the driver gives to them the advertisement...telephone number...you can call directly. I cannot get any commission. I have to pay the rent. It hurts me and I want to let you know.

Sometimes, the Super Shuttle bus stops suddenly like a taxicab. Our guests are waiting with their luggage for a taxicab or a private cab and Supper Shuttle stops and asks them if they want to go to the Airport. Some of these people are already reserved for Lorries. I tell guests not to take it. Those people are waiting for Lorries; a few times I tried to stop them. I think it's unfair. I am unhappy with them. If you can help me, I would really appreciate it.

Jerry Kapter, Lorries: Some of the points I will make are reiterations. I would like to mention of course, we're all under the assumption that passenger convenience is utmost and I think what's happening, to a large degree, was mentioned before about a lack of information, perhaps around the baggage terminal, that perhaps many times people don't know where to go. They are either misinformed or they're confused because all airports around the country are different. Perhaps if there were some better designations where these people are to go to pick up the charter or shuttle services, that might help things.

Also, I'm wondering if perhaps to limit congestion that maybe perhaps the size of some of the buses, like some of the rental car buses, seem to be sometimes two of each kind up there. Some of the smaller outfits have smaller mini-buses and perhaps limiting sizes might help the congestion there.

It was mentioned before by one gentleman about limiting the trips that we're able to make on top. I'm just wondering, that's a problem there because if we're forced to leave after a certain amount of trips, if our passengers miss us, they're stranded there and we have no recourse of how to get back up there and get them. Perhaps a holding area like downstairs is the answer, like this lady mentioned; if we're called from a holding area and pick up someone requesting a Supper Shuttle or Lorries.

I realize there is no solicitation at the Airport for services but what I'm finding out, I have witnessed in the recent past with the new Supper Shuttle service...there was a gentleman who works for Supper Shuttle...(reversed tape)...I saw a white cap out there and stopped him and pointed out to him that this guy is soliciting services for Super Shuttle and the white cap shrugged his shoulders saying there was nothing he could do. Well, my statement is that if they are allowed to solicit I think all the services should be allowed to solicit or nobody.

Commissioner Bernstein: Thank you, very much for your constructive criticism. Thank you. Tony Ruiz.

Tony Ruiz: Commissioner Bernstein, Commissioners. My name is Tony Ruiz and I'm president of Lorries Travel and Tours.

Commissioner Tsougarakis: Excuse me, Mr. President, a point of clarification...is this the last speaker from Lorries.

Commissioner Bernstein: No, there's one more.

Mr. Turpen: From Lorries?

Commissioner Bernstein: No, not from Lorries.

Mr. Ruiz: Two drivers came up on their own and two people from the hotels, I asked them to come up to explain what was happening. I think that this is being addressed wrong...whether or not we should be able to go upstairs or go around. The whole point here, as Mr. Turpen has said, there is solicitation going on and this hadn't happened prior to Super Shuttle coming on the scene. At least, as far as I am concerned, I told Mr. Turpen many times that if any of my people solicit, please arrest them. I understand that one person did get arrested, which was then dismissed in court.

I think that the 40 times that my buses had to go around is basically because they had to compete with Super Shuttle who has 10 or 12 buses just sitting up there at the Airport going around picking up people. They have signs on their vehicles to say "Downtown San Francisco;" when they see that there's no one going downtown, they change it to "San Francisco Wharf"; when they see that nobody's there, they change it to "Richmond." And so you're going to have, sooner or later, pirates I guess is the word that would be used. They're going to put signs in their vehicles, go up there and just be hailed down and pick up people. I don't think you're going to decrease the problem I think you're going to increase. The only way to handle the problem would be to arrest the people that solicit and I think that my attorney, who I wish had been here to express all this, talked to Mr. Garibaldi. I think Mr. Garibaldi was going to check into whether or not hailing is similar to soliciting.

It's been my understanding that all times, and I try to follow this very closely, that you have to have a pre-arranged order to pick up down at the Airport. People that are going there now don't have pre-arranged orders; they're just passing by and they have 10 or 12 vans sitting up there waiting. They have one person there directing traffic; everyone that comes in with luggage, they have someone down

there telling people we'll get you a vehicle. I personally witnessed a white cap police officer telling some people that all these vehicles were the same--that this particular vehicle went to the Fairmont also. I asked the people if they were waiting for Lorryies; the people said yes. The driver in that particular van called somebody over...another van from Super Shuttle...the Super Shuttle van came over, the people said this guy called a van for me, I'm going to get on their vehicle. You would not have the traffic upstairs if all these people weren't being solicited.

Lorries has a schedule...Mr. Fleishell mentioned that; I missed part of that conversation. We have a schedule issued by the Public Utilities that says we are to pick up down their every 10-minutes until 2:00 P.M. and I think it's every 20-minutes after 2:00 P.M. We try to follow that schedule. We've developed the people coming in from the Airport promotions to the 10 years of sending out literature, working very hard to get people to go upstairs. In fact, I remember the time when I suggested to Mr. Turpen or his staff that we should be able to pick up upstairs rather than downstairs because it was too congested. I've dealt with it and I've tried very hard to comply with all the laws. We have 50 drivers and you're not going to be able to control all of those 50 drivers. The 40 times that we had to go around...it was to compete with Super Shuttle. In fact, we get balled out for not being up there often enough from our customers.

So I think the problem that should be addressed here is solicitation; how do you stop people from stealing people? I have here a one page, from PUC (Public Utilities), certificate for Super Shuttle. Line 8 it says WCC, really is Supper Shuttle now, and its agents are prohibited from knowingly and personally soliciting any persons who otherwise would have been passengers of another carrier embarking from the specific location. This order is effective 20 days from the date and is dated October 2, 1985, San Francisco and signed by the PUC Commission signed by the PUC Commissioner.

They're doing the same identical thing here that they were doing in Los Angeles, so you're problem isn't whether traffic rolls around up there, the problem is that these people stay out there, they have no business in San Francisco, all the business is out at the Airport because they solicit. All the people that go upstairs are people who have been told that that is where they can catch the buses - that's the only people that go up there. Lorries continually tells people that if you go upstairs you can catch Lorries service; you don't have to call to get a scheduled service. So, I think what I'm basically saying is that everybody that goes upstairs has an intent to catch a particular carrier and I would like to say that we have at least 95% of that market right now and we are getting none of it because Super Shuttle...(interrupted by Commissioner Coblentz)

Commissioner Coblentz: I think we have more than three (3) minutes. So thank you

Mr. Ruiz: Thank you very much.

Commissioner Bernstein: Bill Lazar, Super Shuttle.

Bill Lazar: I don't think we're here to debate what Super Shuttle is doing at the Airport, I think we're trying to address the issues that the Airport is bringing forth. Super Shuttle, for one, concurs with the concept and we'd be willing to make an attempt to have this as an experimental project to see, if for maybe a 90 day period, to see if that does relieve the traffic congestion on the upper level.

The two questions that I would address to the staff is for example, if a passenger loses or leaves a bag on board, that means that the vehicle has to leave the Airport property, go all the way down and around and that could cause a missed flight or something or even not being able to relocate that passenger. Secondly, once a person is on board the vehicle, for example, we have a call at PSA and that person is picked up and we have another person at United, and we have one person on board waiting for the person to come out of the United Terminal and we go by there the first time; it only takes probably a minute to make that loop. If we aren't able to stop, that means we have to carry a passenger off the Airport ramp, go back around and come back up and it's kind of an inconvenience to the passenger. With the vehicle being empty, we have no problem with that. We have gone to the extent of securing a holding lot for our vehicles off the Airport property so that we do not want to cause additional congestion. Our vehicles do go through the Airport every 5 or 6 minutes; that's the way the system is designed. We provide service to four sectors in San Francisco so that therefore, there's more vehicles because we're taking less people at a time out of the Airport. So I would like to give it an opportunity to try and see if it works and if that relieves the problem that would be fine with us.

Commissioner Fleishell: Mr. Lazar, have you found that any of your customers are solicited by other firms...no specific firm, but have you found the same problem that Mr. Ruiz has?

Mr. Lazar: I'm sure it happens, Commissioner. Our system in Los Angeles delivers an awful lot of passengers to San Francisco.

Commissioner Fleishell: I'm talking about the San Francisco Airport. I have no interest in Los Angeles.

Mr. Lazar: I've seen it happen to other carriers who have people on the curb during the daytime. We try to have a person out there to make sure that our vehicles are doing as the Airport requests; that our vehicles are not stopping in the red and white zones for any period of time. The supervisor makes them move off the area in case they're not following the rules and when the Airport alerts us to the problems...we did have one driver that did solicit a person from the Airport...once I was aware of it he was terminated. We don't tolerate soliciting.

Commissioner Bernstein: Thank you. We'll take this under advisement.

Mr. Turpen: Yes sir, what we will do is staff will go back and take a look at some suggestions that were made today and we'll come back to the Commission at the next meeting.

Commissioner Goosby: One suggestion I want to put into the hopper on the basis of some of the comments made...one is possibly services provided by the mini-buses from the parking lots to the terminals might be separated out from those other operators who take people into the City. This would also be consistent with our concern about protecting the rights of our concessionaires with the Airport because those people going to their cars would not be potential customers anyhow. So people trying to get back to that parking lot across the freeway, or wherever, adjacent to the Airport, could be excluded and not handled the same way that we're handling Lorries and the rest of the carriers.

The other thing is that the lettering on the signs. And then, Lou, we have to look at it again, whether the solicitation...you know we've got a pretty good system for the taxicabs...they have to show you a weigh bill to prove to you that...(interrupted)... I don't know that it's even realistic but as you look at it again if you can look at that possibility too and crack down on that solicitation...I don't think you'll ever stop it though.

Commissioner Tsougarakis: I'd like to also throw into the hopper the notion of traffic control on the other side of the short run...past the garage.

Mr. Turpen: No coming back around.

Commissioner Tsougarakis: Yes, that's what I'm talking about.

Mr. Turpen: Well, I think the intent of this, Commissioner, is that if we pass this rule one officer can control that moving traffic on the upper road so we will be funneling everyone through a weigh station, if you will. The same thing we do with the taxicabs...we've got a toll booth on the way out of the Airport for taxicabs. What we're trying to do is come up with a system that we can enforce economically and effectively and I think this will do that. When you're trying to cover 2,000 or 3,000 linear feet of curb on two levels and four roadways it makes it a little more difficult. What this does is give us a single point that we can monitor everything that goes by. We will take a look at your suggestions.

We should declare the public hearing closed, sir, and we'll come back to the Commission on the December 17th.

Commissioner Fleishell: I'd like to make a comment, if I may. I think that most speakers seem to agree that there is solicitation down there that is improper. I think that's a major part of the traffic down there that we're concerned about that we can reduce is due, in part, to improper solicitation. I think it does go on; I know for a fact that it goes on. My wife was solicited...just for a ride. Some years ago when I was running the City's clean-up program we had a similar problem. We would write a citation to the store and I suggest these companies take this as part of a going business. Well, we had a major company that would not obey the law so I talked to the President and explained to him that the next time we would not cite and that he should have an assistant manager with a separate set of keys because we were going to arrest the man and carry him out of the store...and guess what, they complied with the law. I think here we should look into some serious enforcement. We've got undercover

people; put them out, let them get solicited, and then arrest the man and have his bus towed away and guess what, I think you'll stop it. But I think we have to be aggressive to protect these people who are running legitimate businesses. And all of them agree that they are improperly solicited.

Mr. Turpen: That concludes the main portion of the calendar. The Commission will be going into Executive Session and I'd like everyone except for Airport senior staff to excuse themselves at this time. The meeting will reconvene after the closed session.

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I. CLOSED SESSION:

The meeting recessed at 10:03 AM and reconvened at 10:25 AM.

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D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Bernstein asked Mr. Steven Steers of United Airlines if he wished to address the Commission.

Mr. Steers: I'd like to spend a few minutes with you today to talk about some of the issues regarding our introduction service to the Far East. A major investment for United, a big investment in San Francisco. When you consider all the options about where we operate and how we operate, and we considered them from the customers point of view, from the City's point of view, considering the planning that's been done surrounding the Central Terminal, and our own in terms of efficiency and cost, we keep coming back to the point where it is essential, we believe, that we operate our trips from the north statelite. To focus on the customer for just a moment, I'd like to explain the reasons behind our decision.

San Francisco, for United, is a hub and a hub means connections from multiple flights connecting to San Francisco. That kind of flying and that operation will feed our employees and help us to be successful in marketing. But, for a hub to work well, for those of you that have tried to connect in O'Hare and other places, distances should be as short as possible to facilitate the movement of passengers from one aircraft to another. And taking three (3) or four (4) flights and putting them in a terminal that's far removed from 150 others and trying to make connections work is very difficult. Very difficult for the customer because it is confusing for the customer, and it's even more difficult when you consider baggage connections and operating ground equipment between two terminals.

Commissioner Fleishell: We've looked at the physical distances you're talking about and you know we're not talking about a great deal of distance.

Mr. Steers: The physical distance is...there is a significant amount of physical distance...there are long distances in the terminal

already...the difference is that it's downstairs, through customs, through immigrations, back upstairs trying to find totally a separate terminal, walking down a hallway, or getting on a bus and transferring to another terminal...even though the distance is short the process is confusing.

Commissioner Tsougarakis: Are you talking about arriving or departing?

Mr. Steers: We're talking about customers arriving on international flights at the Central Terminal, connecting to domestic departures to Des Moines, to Denver.

Commissioner Coblenz: I didn't realize that was the issue. I thought the only issue before us is departures; but now you're bringing in arrivals.

Mr. Steers: No, no I'm not.

The difference is that if we operate departures from the Central Terminal all of the customers will have to travel to the Central Terminal for their departure instead of those few customers that are connections coming over...all of the customers will be going to the Central Terminal.

Commissioner Tsougarakis: Are you aware that 78% of them are originating passengers.

Mr. Steers: Yes.

This summer we'll have 23,000 seats a day for sale in San Francisco; 700 of those seats will be on international departures. Now if 23,000 seats were operating from the North Terminal and only 700 are in a separate terminal, we believe for the originating customer who originates in San Francisco, that he'll find that very confusing; when they're used to coming to the north statelite and then having to find only three (3) flights in the Central Terminal.

Mr. Turpen: What they're saying is that when people take United to Hong Kong, United's contention is that when people go there to the North Terminal, which United occupies, vis a vis going to the International Terminal, which at least today United does not occupy. Now our contention is you could do a United international versus United domestic if we wanted to sign it that way...and we think although there would be some initial confusion, our feeling is that there will be initial confusion no matter which way you go because where do you go to meet United's flight...the North Terminal or the International Terminal? You go to the International Terminal.

Commissioner Fleishell: You also have the identical problem in many airports where airlines land at more than one airport in the same city...In Europe...Orly, Charles De Gaulle...You have the same problem at many airports in the world.

Mr. Steers: It could be the same problem in many airports - there are many airports in the U.S. and we're talking about San Francisco .

...but there are many airports in the U.S. who do have flights that arrive at an international terminal and clear customs there and then for the departures, depart from the carrier's normal terminal. So it really does operate both ways. But we think it would be confusing to United customers to have 150 departures in one location, one terminal and then operate three (3) in a totally separate operation, to say nothing of the difficulty of taking those connecting passengers who are arriving on multiple, multiple trips and trying to get them from 20 or 30 airplanes to a totally separate terminal for their international departure.

Commissioner Goosby: But you could have people who might be coming in on the South Terminal...now they can just go to one central location in the middle of the Airport; this way they'd have to bypass all that and come all the way up to the North Terminal from the South.

Mr. Turpen: There's a problem with that that I discussed with Mr. Ferris, and Steve was there. From the Airport's point of view that distance is about 2500 feet additional from the South Terminal essentially. Although we have an inter-terminal shuttle, the problem with the inter-terminal shuttle is that people in the South Terminal have to get their bags, carry them upstairs, go to the outer island, pick up the shuttle and ride a bus to the North Terminal. That is an inconvenience now depending on the numbers. If the numbers are significant, that can be an inconvenience for persons not flying United...and I understand why United wants to do what it wants to do. Would you rather carry your bags upstairs and ride a bus to the North Terminal...fly United.

Mr. Turpen: I tell you truthfully, the travel agents would know. If you went to a travel agent to buy a ticket, they'd say if you fly on Lou Turpen Airline and wind up in the South Terminal, it's just a pain getting over to that flight...you're much better off flying on ABC Airlines because you only have to walk 12 feet for a connection.

Mr. Steers: We believe that for the originating customer in San Francisco and the connections, if you study the passenger movement it's much more convenient to have all of your departures in one terminal rather than separated into two (2) separate terminals; distances are shorter, process is facilitated.

Commissioner Tsougarakis: I guess, at least from your perspective, you're obviously going to try take away the interline connections with the advertising you do, and that's appropriate. I think that I would like to respectfully say your opinion on the originating passengers and mine aren't necessarily the same; I mean that can be handled either way.

Mr. Steers: We're going to be adding flights in San Francisco to a significant degree over the next several years. We'll be going from 124 trips to 150 and we'll be...(unintelligible)...and that means more markets and more flying. And two (2) out of three (3) of those customers will be originating customers which means customers spending dollars in San Francisco and adding to bottom lines...certainly ours and the City's as well. Were a little different than most international operators because we have a major domestic system in San Francisco. Most international carriers don't have that and that causes a different kind of a situation.

Commissioner Bernstein: Mr. Steers, what are you suggesting?

Mr. Steers: Well, what I'm proposing is that we understand the concern about certain concessions in the Central Terminal; we understand and we appreciate that concern; we'd like to work with the Director of Airports in resolving some of those issues. What we would propose...we would ask that you authorize Lou to negotiate with us some concessions for the concessionaires in the Central Terminal that are impacted by us by operating our flights in the North Terminal.

Commissioner Bernstein: Well, before we get to the concessions, what about the claims - what do you propose there?

Mr. Steers: We feel it's absolutely essential that we operate our departures from the North Terminal and our position is that we simply, in the interest...(interrupted by Commissioner Bernstein)

Commissioner Bernstein: That would mean taking Pan Am out of the Central.

Mr. Turpen: Moving those airplanes, sir. Right now the airplane leaves from the Central/International Terminal. United proposes, instead of leaving from the International Terminal, they'll fly in, then they'll move the airplane over to the North Terminal, and they'll leave from the North Terminal.

Mr. Steers: And we'll depart our flight from the North Terminal.

Mr. Turpen: So that everything will be the same on the arrivals then because of customs being in the International Terminal, obviously. The difference would be the departure end where United could go to Gates 80 and 82 for their international departures.

Mr. Steers: We understand that there is concern on the part of the concessionaires in the Central Terminal about losses of revenues associated with taking departing flights and operating them from a different terminal where they have no concession currently. What we would like to ask the Commission is to authorize Mr. Turpen to negotiate with us a package of assistance to those concessionaires that are affected. We are prepared to do that. We've discussed with Lou the framework of an agreement and what we are asking is that you authorize him to negotiate with us for that package of concessions.

Commissioner Bernstein: Just for my own personal information, I know how to spell the word but how would you define "assistance".

Mr. Steers: Well, as we see it, there are two problems. First there are concessionaires that don't have any operation at all in the North Terminal and they would be impacted by some loss of revenue. We'd like to talk about a form of income guarantees to those concessionaires who cannot move for a certain period of time, and we'd like also to discuss United providing the funds for the construction of a Duty Free Shop in the North Terminal; the terms of the agreement...

we'd like to have our money back through time. But those are the items that we think we can best negotiate with you in the interest of the concessionaires.

Commissioner Fleishell: I'll repeat what I told Mr. Wayne when he told me this...Duty Free does not require you to put up the money to build; that is no concession at all as far as I am concerned. If I were going to do it, I wouldn't need you to put up the money for me. They have their banks. There's more to this loss of revenue than I think you all have addressed so far. When you take a large...use Duty Free, it's a classic example...When we created the master concessionaire concept, the best example of that in the United States according to FAA...we have an entire group of shops all together and there's no way you can assume that if you take 10% of the passengers and bring them over to the North Terminal that the North Terminal concession that you would relocate would then do 10% of the business. No way in God's world because you have a whole shopping feeling - all these shops as compared to having a little soap cart in the middle of your terminal. I have no confidence that your company, on the basis of what I've heard, is prepared to do anything near what these people are going to require, and we have a legal obligation to protect them and to make certain that you do not do exactly what you say you want to do. Until there is a resolution of that problem we have a problem. We bid on the basis of our existing policy that said all international flights will land and take off from the Central Terminal. That's why we built it; and we bid concessions on that basis. People have spent their money and come in here to do business with us and now we're going to permit your company to change the rules of the game for your convenience. No question, I'd do the same thing were I in your position but you must realize the problem we have legally. Plus down the line there's another aspect of this. If you're going to move all this business into your facility in the North Terminal, your agreement under your lease with us to accommodate other carriers is going to become increasingly difficult. We'd end up having to shove them in the Central Terminal and we'd end up with a totally bastardized system where we had gone into our planning for many, many years to create.

Commissioner Goosby: There's a fourth point on to that...we'll have other airlines who might want to start flying to the Philippines, Japan, Taiwan and so forth who now have a domestic flight in the South Terminal or elsewhere. They could say, look, you let United do this, we want to start pulling our flights over to the South Terminal and in five to 10 years we've got nothing left out there but another hodgepodge of what we had before we planned it this way.

I'm sure United is sensitive to what the City is trying to do. If you do it, legally, we can't say anybody else can't do it. I'm no lawyer but I defy a lawyer to tell me we can let one airline do it and tomorrow another one comes along and says that they want to do it and we can't allow them to do it. Plus, in the agreement we agreed and we wrote a letter and supported United's getting Pan Am's... transferring their assets to United under the understanding...our understanding...that they were going to take over Pan Am's operation. I think the agreement says that they're going to assume Pan Am's obligations and operations and in my opinion that included operating out of the International Terminal. The Mayor wrote a letter endorsing the concept, encouraging this acquisition, and I'm sure she's as adamantly opposed to this as we are. You have a lot of things to explain and I don't know whether there are going to be other speakers but maybe you can get to those other items, too.

Mr. Steers: I'd like to address two points. The Commissioner's point that in the future there's no way that we can make up that loss of revenue. I believe that in the future we will expand the international flying to a far greater degree than Pan AM was ever able to and that the revenues from concessions in the North Terminal through time will far surpass what has been the case in the Central Terminal because of our ability to feed those international flights with 150 other trips. That is what will make us, we believe, successful in the market place and in the long term assures that those revenues to the City will occur over the long term because of our growth in the marketplace. We estimate we'll be easily double the size of the international operation in 10 years and that's not something that I believe under the earlier situation with Pan Am that they could do.

With respect to the second issue.

Commissioner Tsougarakis: You could also do that in the Central Terminal. And don't tell me you can't...it's just a matter of how you market it. I'm sure there's no question about it. My concern is why can't we try to go along with it? Why can't we leave it alone for a period of time to give us an opportunity to look at what the statistics are going to be like; give us an opportunity to see if there are some ways we can accommodate where we don't have to ruin our long range plan; we don't have to establish precedence that will later be much more difficult to deal with once we've made the changes that you suggest, and, at the same time we could look at it more carefully. Maybe we can make some concessions in placement of the reservation desk; the whole thing to accommodate what kind of marketing needs you have. But I don't think you've looked at that possibility at all...you have not looked at that alternative. We have looked at both and what we're saying is, at least a period of time, let's leave things the way they are. First of all we can't do anything as quickly as it's necessary to be done. So why not leave things as they are for a period of time to give everybody a chance to look at what can be done in that context as well as in what we're suggesting.

Mr. Steers: You make very persuasive arguments.

Commissioner Tsougarakis: Did I persuade you to change your mind?

Commissioner Coblentz: I'd like to suggest that...I've read Paul's letter of Nov. 21 and 25th...I don't think necessarily we want to instruct staff to do anything right now but yet I really want to reserve the time for a little judgment and thought on this. Perhaps in our next meeting of December 17th we can come up with something. I don't want to foreclose this offer is what I'm saying here. Let's give us the time; sort of a gestation period for a while.

Commissioner Goosby: While they consider what Athena suggested without foreclosing anything.

Commissioner Tsougarakis: It's a two way street. It has to be a two way street.

Commissioner Goosby: Then we're going to have a hearing. There'll be other people that will want to address this.

Mr. Turpen: Mr. Lyons from Duty Free is here today. On the 17th, yes. On the 17th when it's calendared.

Commissioner Coblenz: I'd rather do that because I'm not sure we really know what we're going to do.

Mr. Steers, I appreciate your coming here. Maybe Paul wants to say something or Alan. Just give us time.

Mr. Turpen: Two things. Mr. Lyons is here and wishes to at least briefly address the Commission. Secondly, we will calendar this item for the December 17th meeting with the appropriate notifications... with the standard notifications.

Mr. Joe Lyons of the Duty Free Shoppers.

Mr. Lyons: Good Morning. Thank you for the opportunity to say something in this regard. We agree with many of the points that have been made here this morning by the Commission. Basically, as you know, in 1982 we bid for the Duty Free and the Principal Concession. Just in the way of background, I guess, I would like to point out in 1982 we bid for, and successfully, for the Principal Concession after the Duty Free Concession. We did that pursuant to the Airport master plan and the development in the Central Terminal of very large facilities. We have a total, I think, of 14,000 square feet between both operations. We have three Duty Free shops, three gift and news shops; we guaranteed \$22-million over the term; we're currently paying an average of \$3-million a year. We do have in place and working quite well the minority concessionaires under the master plan so we certainly have a great concern on the effect of a change in the ground work or in the change of departures of international traffic, from the Central Terminal to the United Terminal. We have received a letter from Mr. Turpen who asked for our views. We have submitted those views to Mr. Turpen, pointing out certain financial effects that we can see which will occur. That letter is available and states our views. We certainly agree and we feel there are very long term effects if there is a change in the policy where international flights will then depart out of the other terminals. Certainly our guarantees and our arrangements were made under the assumption that the Central Terminal would be the focus point and there's no question that we feel that there would be financial repercussions both to ourselves and to sub-tenants and to other people in the Central Terminal. We're not the only concessionaires who depend on the international departures, specifically international departures to Japan, to meet the guarantees and to meet the commitments we've made.

Mr. Turpen: Thank you. I understand it's the Commission's wish that I calendar this item for December 17th.

Commissioner Coblenz: We're going to have this calendared on December 17th. Let's have it the first item on the calendar.

Mr. Turpen: We'll schedule it for the very first item...a special item.

Commissioner Bernstein: Mr. Paul Van Wert. Paul, anything to comment? Do you want to say anything to anybody.

Mr. Paul Van Wert: I just want to add three quick points to Steve's comments, if I could. Athena, regarding our look at operating out of the Central Terminal, I would like to refer you to the first letter we wrote back in October which demonstrated, I think, two things; one, that we looked very seriously at operating out of the International Terminal and I hope that letter expressed six or seven very serious reservations we had about doing that. So I do want you to know we have looked at that very seriously, not only in the beginning but since objections have been raised by the staff and the Commission we have continued to review that option in-house and, as Steve said earlier, we keep coming back to the same answer.

Commissioner Tsougarakis: I just ask you to remember that over 75% of the passengers are originating and in my opinion you can look at it from that standpoint. I really question how much you're going to tilt that towards connecting passengers...(unintelligible)...change the statistics significantly...(unintelligible)...for connecting passengers through United and if you don't do that then it can be handled and marketed so that you don't turn everything upsidedown for everybody else except United. I guess that's what I'm saying. I think the number of originating passengers is the key to this whole thing and I'm not even talking about concessionaires. I would agree, although I think Duty Free has a good point in terms of loss of revenue for a period of time, but I agree that yes you can go...(unintelligible)...I think still it's the long range implications to the S.F. Airport that is the major concern here.

Mr. Van Wert: Well, with regard to the statistics on the originating and connecting passengers, we are currently connecting about 35% of our traffic in the North Terminal so we would expect that probably the percentage of connecting passengers operating on our international flights as opposed to another carrier would be greater so we anticipate more connecting passengers. The other thing we don't want to do is walk all of our originating passengers over to the Central Terminal. I know there's been some...interrupted by Commissioner Tsougarakis...

Commissioner Tsougarakis: Over from where?

Mr. Van Wert: From the North Terminal to the Central Terminal.

Mr. Turpen: He's assuming they're ticketing in the North Terminal.

Commissioner Tsougarakis: No, that's one of the problems we need to try and resolve, obviously; ticketing considerations, I agree. You don't go from San Francisco to the Airport, go to the North Terminal and get ticketed and then go over to the...(unintelligible)...We have a job too, but that's what should first be looked at for negotiation; not how to set up a concession in the North Terminal.

Commissioner Goosby: How can we make the International Terminal feasible for their use, for us, and so forth? What other things can we throw in there? Ticket them there, signing and so forth and then...

Commissioner Tsougarakis: And then if that doesn't work, I'll vote, OK. Let's try that first because once we do what needs to be done in the North Terminal we'll never go back to international if that appears feasible. Never.

Commissioner Coblentz: I'm not sure I agree with you on that yet.

Mr. Van Wert: If I could just say one more thing. United has found itself as an international carrier in San Francisco as a result of unforeseen circumstances. I think being the major operator, if we had been an international carrier when the Commission was considering construction of the Central Terminal, I think the Central Terminal still would have been built but would it have been built for the same reasons? I don't think you would have passed an absolute policy about international operations. I think you would have recognized that we had to conduct our international operations out of the North Terminal.

Mr. Turpen: Or we would have put you at a different place at the Airport.

Commissioner Tsougarakis: That's correct.

Commissioner Bernstein: Is there anything further?

Mr. Turpen: No sir. We will calendar this item as a special item on December 17th...it will be the very first item on the calendar at 9:00 a.m. on Tuesday morning.

I would suggest that the Commission President adjourn the meeting.

Commissioner Bernstein: Meeting adjourned.

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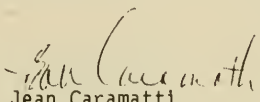
H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 11:00 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORTS COMMISSION



MINUTES

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ATHENA TSOUGARAKIS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport
San Francisco, California 94128

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of the Minutes
Airports Commission

December 17, 1985

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I.

CONSENT CALENDAR OF ROUTINE
ADMINISTRATIVE MATTERS:

- | | | | |
|-----|---|---------|----|
| 9. | Sam Trans Bus Information
Kiosk and Sign -
North Terminal and South
Terminal - Upper Level
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| 10. | Airport Contract No. 1631:
Replacement of 10-Inch
Effluent Line at Industrial
Waste Treatment Plant | 85-0367 | 10 |
| 11. | Statistical Adjustments for
1985-86 - Joint Use Billings
under Lease and Use Agree-
ment | 85-0368 | 10 |

J.

CORRESPONDENCE:

10

L.

ADJOURNMENT TO GO INTO CLOSED
SESSION:

10

Minutes
of the
Airports Commission Meeting

December 17, 1985

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, Ca.

* * *

B. ROLL CALL:

Present: Morris Bernstein, President
Z.L. Goosby
Athena Tsougarakis

Absent: William K. Coblenz, Vice President
J. Edward Fleishell

* * *

C. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution no. 85-0369 regarding the settlement of a litigated claim, and, 85-0370, Modification No. 8 to professional services agreement with Morrison and Foerster to include advice and handling of litigation in Airport noise control regulations at the closed session of December 3, 1985.

* * *

Mr. Lou Turpen, Airport Director, presented an award to the Commission from the Building Industry Conference for the Terminal Modernization Program. He said that the award, given annually to an individual or an organization, recognizes activities that directly or indirectly benefit the industry.

Commissioner Tsougarakis expressed appreciation for the award on behalf of the Commission.

* * *

D. SPECIAL ITEM:

The following item was removed from the calendar.

1. United Air Lines' International Departures

Resolution affirming the Airports Commission's International Terminal Policy and application of that policy to United Air Lines international service.

After determining that there was no one present who wished to address the Commission on this issue the item was removed from the calendar.

* * *

D. DIRECTOR'S REPORTS:

Items 2 and 3 were discussed together.

2. Report on Position of FAA with Respect to Operations at SFO of Boeing 707Q Aircraft - Verbal Report
3. Report on Proposed Amendment to Airports Commission Noise Regulations

Mr. Turpen said that as the Commission is aware, the Airport received an application from Burlington Northern Airfreight to operate the 707Q Aircraft at SFO. He explained that the "Q" designation stands for "Quiet" and identifies a retrofit to the engine on the 707 which allegedly brings it into compliance with Federal Noise Regulations.

Mr. Turpen said that Burlington Northern filed an application for waiver of the Airport's Operations Bulletin, which he denied. He said he expected Burlington Northern to submit a request to the Commission President for a waiver under the Airports Commission's 1978 Resolution.

Mr. Turpen reminded the Commission that the FAA has threatened several sanctions against the Airport, including terminating our federal funding. He told the Commission that is no longer a threat thanks to the efforts of Congressman Tom Lantos who met with Admiral Engen, head of the FAA. Mr. Turpen said that Admiral Engen assured Congressman Lantos that any removal of federal funds from the Airport would be postponed indefinitely.

Commissioner Tsougarakis asked if it has been confirmed that the FAA will not take any action against the Airport.

Mr. Turpen responded that the FAA asked for a response by December 11th as to why we were discriminating against Burlington Northern. He said that the Airport asked for an extension until January 8th. Mr. Turpen said that last Friday the FAA granted us an extension to January 10th to respond and he does not anticipate that the FAA will do anything until after they receive our response. That response is currently being re-drafted.

Commissioner Goosby asked if the FAA might not still terminate our funds after the hearing in January.

Mr. Turpen responded that there was no guarantee that after January the FAA might not once again threaten to terminate our federal grants. He told the Commission that Admiral Engen has said that the funds are not in jeopardy at this time. Mr. Turpen added that the outcome is dependent upon what happens with our response to the FAA and future action.

Mr. Turpen said that this ties in with Item No. 3. He said it was his intention to bring an amended noise regulation before the Airports Commission in January. He said that the Airport's current noise regulation, conceived in 1978, was dedicated to promoting a quieter fleet in San Francisco. Mr. Turpen felt that it was time to update that regulation in view of events, such as the recent settlement with the plaintiffs in the small claims cases. He said that the Airport is now in a position to take the next step in a proactive noise abatement program. He said that he would send the Commission a copy of his proposed noise regulation and will schedule it for public hearing at the meeting on January 7, 1986.

Mr. Turpen said he would draft the Airport's response to the Federal Aviation Administration and share that draft with the Commission in the next week or ten days. He said he would incorporate the Commission's comments and file it with the FAA by their deadline of January 10, 1986. He said that the next move will be up to the FAA. He expected that the Commission would receive a request for waiver from the aircraft's operator. The Commission's 1978 Rule contemplated the need to grant waivers and therefore establish the mechanism whereby persons could present their case. Mr. Turpen said that he could not nor would not want to foreclose their opportunity to address the Commission directly.

Commissioner Goosby asked if the Commission would receive the results of the tests made of that engine.

Commissioner Tsougarakis said that there was an indication that there would be a retest and asked if it had been scheduled.

Mr. Turpen responded that he was not certain. He believed that Admiral Engen, in a conversation with Congressman Lantos, indicated that he would be open to a retest. He said he was not sure the conversation got beyond the conceptual stage. He felt that a retest would be entirely appropriate in view of the circumstances surrounding our concern.

Mr. Turpen told the Commission that the Airport's view is very simple...the Q707 generates more noise than the takeoff of anything operating at SFO. He said that what compounds his concern is that this aircraft literally achieved the highest possible noise level it could achieve and still qualify...that is at 105.6. A tenth higher and this aircraft could not have qualified for operation. He added that our further concern is the fact that in our view, the airplane coasted over the noise monitor. He said that the noise readings measured during the test didn't reflect accurately what we can experience in a real operation out of San Francisco.

Commissioner Goosby said that the Airport has had problems with the FAA before. He felt that since the FAA was satisfied with one test that was met by 1/10 of a point he felt that it might be a good idea to ask our other Congressmen to aid Congressman Lantos in encouraging the FAA to do another test.

Mr. Turpen said that at the suggestion of Commissioners Bernstein and Coblenz he sent letters, like the package he sent to the Commission, to the Governor, Congresswomen Burton and Boxer, Speaker Brown, and a number of other persons he felt would be interested.

4. Barber Shop/Beauty Salon Lease

Report proposing the preliminary leasehold specifications of the Barber Shop/Beauty Salon Lease for review and comment.

Mr. Turpen said that the current lease on our Barber Shop, which is located in the North Connector, terminates on March 8th, in about three months. Staff is suggesting that instead of pursuing the traditional barber shop concept we might want to take a look at pursuing a combination facility which would include a barber shop and a beauty salon. He said that staff would like an opportunity to include this in the annual passenger survey in March. If the response is favorable, staff will move ahead.

Mr. Turpen told the Commission that this would involve a month-to-month extension to the current proprietor of the barber shop since his leasehold expires virtually during the time of the passenger survey.

Commissioner Goosby asked if this was the only barber shop on the Airport.

Mr. Turpen responded that it was.

Commissioner Goosby asked if the suggestion to eliminate the shower came from the barber shop operator.

Ms. Angela Gittens, Deputy Director of Business and Finance, responded that the suggestion was made by staff and was based on the amount of space the total barber shop occupies and the small amount of revenue received from the showers.

Mr. Turpen said that if the Commission has no objection staff will proceed.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. POLICY:

5. Bid Security Policy

No. 85-0362

Mr. Turpen said that this policy allows staff more latitude in accepting bid security from prospective tenants or concessionaires. He said that a lot of small businesses have expressed concern about their ability to meet the City's rigid requirements.

Ms. Gittens added that staff would indicate to the Commission on each bid what forms of bonds would be accepted. She said it would be done according to the policy and the Commission would have the

opportunity to change it.

Commissioner Goosby asked for an explanation of the \$100,000.

Ms. Gittens responded that where there was a minimum bid amount of \$100,000 staff typically would require a bid bond of \$50,000, so any bid under that would qualify for this broadened policy.

Commissioner Goosby remarked that it would then be only those bids that were under \$100,000 that would offer staff this flexibility.

Ms. Gittens responded that that was correct. She added that this policy does not cover construction contracts, indicating that they were governed by City ordinance.

Commissioner Goosby asked Mr. Garibaldi what the advantage was of the third party legal liability over a certified check.

Mr. Garibaldi responded that we run into problems with bankruptcy laws. If a bidder should go bankrupt a certified check would be considered an asset of the bankrupt, whereas a corporate surety bond, for example, is a third party and we can get our money in spite of a bankruptcy.

Commissioner Bernstein asked if the Airport pays interest on the bond.

Ms. Gittens responded that the interest is returned to the tenant.

Commissioner Goosby asked if the interest is paid as it accrues or at the end of the lease.

Ms. Gittens responded that for a certified check, it is at the end of the lease; for a certificate of deposit, the tenant would earn the interest as it accrued. She added that in the case of bid bonds, once the award is made the bid bond is returned.

Commissioner Bernstein asked if stocks could be put up.

Ms. Gittens responded that stocks were not acceptable.

Ms. Gittens clarified that the money is returned to all but the winning bidder. The bid bond is returned to the winning bidder when a performance bond is posted.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The Rule of Necessity was invoked on Item #6, allowing Commissioner Tsougarakis to vote.

6. Resolution Requesting Authorization to Bid Banking Services Lease No. 85-0363

Mr. Turpen explained that this item requested authorization to bid the bank at the Airport. He said that one of the prospective bidders was Bank of America and that offered a problem for Commissioner Tsougarakis.

Mr. Garibaldi said that normally Commissioner Tsougarakis would be disqualified at this point, however, if the Commission feels that it is necessary to authorize the bid at this time rather than delay it further, under the Rule of Necessity, Commissioner Tsougarakis can be allowed to vote on this matter, even though she has a potential conflict of interest.

The Commission agreed that the Rule of Necessity should be invoked.

7. San Francisco International Airport Aviation Exhibition

No. 85-0364

Resolution regarding the establishment of a permanent Aviation Exhibition and the acquisition of a 1937 Open Cockpit Arrow Sport antique aircraft.

Mr. Turpen explained that staff will begin the process to establish an aviation exhibition in the North Terminal. He said that the process would continue when Delta Airlines relocates to the South Terminal. He told the Commission that Elsa Cameron has been successful in obtaining a commitment from the Smithsonian Institute for two of their aviation exhibits. He added that the Smithsonian, up to this point, has never loaned out exhibits.

Commissioner Goosby asked if the Airport had to pay for the transportation of these exhibits.

Mr. Turpen responded that the Airport typically pays for transportation of exhibits.

Mr. Turpen said that Ron Wilson has done a fine job in working with Harrah's to arrange the loan of this aircraft. He explained that Harrah's has guaranteed that we would have the aircraft for a minimum of two years and added that it looks as though Harrah's will be willing to extend that time. This aircraft will be the centerpiece of the aviation exhibition.

Mr. Turpen said the aircraft will be located in the lobby area at the beginning of the Delta/American concourse as you enter the North Terminal from the Connector.

Commissioner Tsougarakis noticed that Harrah's wanted to display brochures on the exhibition and suggested that they be discretely placed. She was concerned that even though the collection was separate from the casino there was still that link.

Commissioner Goosby hoped that the loan of the aircraft would be for more than two years. He asked if the Airport couldn't buy an old biplane.

Mr. Turpen said that this aircraft is the real thing and is in perfect condition.

Mr. Turpen, in responding to Commissioner Goosby's continued concern that Harrah's would not agree to an extension after two years, again said that he felt there would be no problem.

Mr. Turpen told the Commission that the Smithsonian people were so intrigued with the Airport's Exhibition Program that they missed their flight back to Washington and spent more time viewing the exhibits. He said that it was the quality of our program, which Elsa Cameron runs beautifully, that convinced the Smithsonian to allow us to exhibit their collections.

8. Bid Call: Contract 1416AB
Boarding Area 'C' and Apron

No. 85-0365

Resolution approving:

- 1) the combination of contracts 1416, Boarding Area 'C' and 1518, Boarding Area 'C' Apron, into Contract 1416AB;
- 2) the change in scope of work for Boarding Area 'C' to accommodate the relocation of Air Cal and Northwest Airlines;
- 3) bid budget of \$26,350.00 for the combined contract;
- 4) scheduled completion date of December 31, 1987; and,
- 5) bid call for the combined Contract 1416AB.

Mr. Turpen pointed out that there is a typo in the calendar under item #3...the bid budget should read \$26,350,000.

Mr. Turpen told the Commission that this item replaces the existing pier that PSA was using. PSA and Republic have relocated to Boarding Area 'A'. This pier, which is the last remaining pier built in 1954, will be removed and replaced with a new boarding area pier, identical to the one American and Delta now occupy.

Commissioner Tsougarakis did not understand why this was going to be delayed for four or five months.

Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, responded that there is a schedule of completion for time and budget. The schedule and budget can be met, however, in talking this over with contractors who will bid this job, they believed that if they were allowed more time the cost of the project could be reduced by about \$2-million. Staff felt it was worth it to save the money.

Commissioner Tsougarakis asked if this was measured against the income that would be received if the area was completed sooner.

Mr. Yuen responded that most of those concessions have been relocated.

Commissioner Tsougarakis asked about the large restaurant that is to be opened up.

Mr. Yuen responded that Commissioner Tsougarakis was referring to the Private Reserve which will be located in Boarding Area 'B'. He said that this boarding area would provide a snack bar and the Omelette Parlor.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMNISTRATIVE MATTERS:

9. Sam Trans Bus Information Kiosk and Sign
North Terminal and South Terminal
Upper Level Sidewalk

No. 85-0366

Resolution approving concept and graphics. - T-3068 - \$20,000.
No cost to the City.

10. Airport Contract No. 1631:
Replacement of 10-Inch Effluent Line at Industrial Waste Treatment Plant
- No. 85-0367 Resolution approving Modification No. 1, a Type II Modification, containing agreement for payment in the total amount of \$1,842.34.
11. Statistical Adjustments for 1985-86 - Joint Use Billings under Lease and Use Agreement
- No. 85-0368 Resolution adjusting 1985-86 Joint Use Billings pursuant to Section 101.W of the Airline - Airport Lease and Use Agreement for Swiss Air Transport Co., Ltd.

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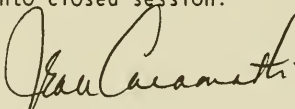
J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:35 AM to go into closed session.


Jean Caramatti
Commission Secretary

